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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended: December 31, 2025

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35060

PACIRA BIOSCIENCES, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**51-0619477**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2000 Sierra Point Parkway, Suite 900
Brisbane, California 94005
(Address and Zip Code of Principal Executive Offices)

(650) 242-8052
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading symbol**	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	PCRX	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's voting stock held by non-affiliates of the registrant, based upon the closing sale price of the common stock as reported on the Nasdaq Global Select Market on June 30, 2025, the last trading day of the registrant's most recently completed second fiscal quarter, of $23.90 per share was approximately $757.5 million. Shares of common stock held by each director and executive officer (and their respective affiliates) and by each person who owns 10 percent or more of the outstanding common stock or who is otherwise believed by the registrant to be in a control position have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 23, 2026, 40,489,894 shares of the registrant's common stock, $0.001 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates certain information by reference from the registrant's proxy statement for the 2026 annual meeting of stockholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year ended December 31, 2025.

SUMMARY OF RISK FACTORS

This risk factor summary includes those risks most material to our business, financial condition, results of operations or prospects. A full discussion of the risks outlined in this summary, as well as those risks not outlined below, appear in Part I, Item 1A. *Risk Factors* in this Annual Report.

- Our success depends primarily on our ability to successfully commercialize EXPAREL® (bupivacaine liposome injectable suspension) and ZILRETTA® (triamcinolone acetonide extended-release injectable suspension).
- Our efforts to successfully commercialize EXPAREL and ZILRETTA are subject to many internal and external challenges.
- That the commercial success of our products may be severely hindered if we are unable to achieve and maintain adequate levels of third-party payer coverage and reimbursement for the products we offer, on reasonable pricing terms.
- The significant competition we face from other pharmaceutical, medical device and biotechnology companies.
- The regulatory approval for any approved product being limited to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, and risks related to allegations of our failure to comply with such approved indications.
- Our inability to establish and maintain effective marketing and sales capabilities or enter into agreements with third parties to market and sell our products.
- Our reliance on third parties to perform many essential services for EXPAREL, ZILRETTA and iovera®° and the fact that we will rely on third parties for any other products that we commercialize.
- That we may need to increase the size of our organization and effectively manage our sales force, and we may experience difficulties in managing such growth.
- Our inability to manage our business effectively if we are unable to attract and retain key personnel.
- The potential product liability exposure we may face.
- Our failure to manufacture our products in sufficient quantities and at acceptable quality and pricing levels, or to fully comply with CGMP (as defined below).
- That we may need to expand our manufacturing operations or outsource such operations to third parties.
- Our inability to continue manufacturing adequate quantities of our products.
- That our co-production and other agreements with Thermo Fisher (as defined below) may involve unanticipated expenses and delays.
- Our reliance on third parties for the timely supply of specified raw materials and equipment for the manufacture of EXPAREL, ZILRETTA and iovera°.
- That supply chain disruptions could interrupt product manufacturing and global logistics and increase product costs.
- Our dependence on the global supply chain.
- That our future growth depends—in part—on our ability to identify, develop, acquire or in-license products.
- That we make substantial investments in research and development, or R&D, and if those investments are unsuccessful, it could materially adversely affect our business, financial condition and results of operations.
- The use of hazardous materials in our business and that we must comply with environmental laws and regulations.
- That any collaboration arrangements that we may enter into in the future may not be successful.
- The expense, length and uncertain outcomes of our trials and if our trials fail to demonstrate the safety and efficacy of our drug products or medical devices, it could prevent or significantly delay obtaining regulatory approvals.
- Our dependence on contract research organizations.
- Our dependence on clinical investigators and clinical sites to enroll patients in our clinical trials and sometimes other third parties to manage the trials and to perform related data collection and analysis.
- That we are subject to periodic litigation, which could result in losses or unexpected expense of time and resources.
- Guidelines and recommendations published by various organizations could reduce the demand for or use of our products.
- If it is determined that we are promoting or have in the past promoted the "off-label" use of our products.
- Failure to receive regulatory approval for any of our product candidates, or any delay thereof.
- The regulatory clearance process, which may result in substantial delays, unexpected or additional costs and other unforeseen factors and limitations on the types and uses of products we would be able to commercialize.
- If it is determined that our products or any of our product candidates have undesirable side effects.
- The substantial penalties we could face if we do not comply with federal, state and foreign laws and regulations relating to the healthcare business.
- The highly regulated and technically complex design, development, manufacture, supply and distribution of our products.
- Our failure to comply with the extensive regulatory requirements to which we and our products are subject.
- If there is a failure to provide adequate coverage and payment rates for EXPAREL, ZILRETTA, iovera° or any future products, or if hospitals or ASCs (as defined below) choose to use alternative therapies that are less expensive.
- Public concern regarding the safety of drug and medical device products.
- That the patents and the patent applications that we have covering our pMVL (as defined below) products are limited and our market opportunity for our product candidates may be limited by the lack of patent protection for the active ingredient itself and other formulations and delivery technology and systems that may be developed by competitors.
- That the patents and the patent applications that we have covering ZILRETTA are limited.

- That the patents and the patent applications that we have covering iovera° are limited.
- That the patents and the patent applications that we have covering PCRX-201 are limited.
- Our inability to protect our intellectual property rights and that all patents will eventually expire.
- If we are sued for infringing the intellectual property rights of third parties.
- That we may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.
- Servicing our indebtedness, which requires a significant amount of cash, and that we may not have sufficient cash flow from our business to pay our substantial indebtedness.
- That our Credit Agreement and the Indenture (each as defined below) each impose significant operating and financial restrictions on us and certain of our subsidiaries.
- Our inability to raise the funds necessary to settle conversions of the 2029 Notes (as defined below) in cash and that our indebtedness may contain limitations on our ability to pay cash upon conversion of the 2029 Notes or limitations on our ability to repurchase the 2029 Notes.
- Our indebtedness as well as the ability to meet payment obligations under our Credit Agreement and the 2029 Notes.
- That despite our current level of indebtedness, we may be able to incur substantially more debt.
- The significant losses we have incurred since our inception and that we may incur additional losses in the future.
- A material impairment in the carrying value of intangible assets or goodwill.
- That we may need additional funding and may be unable to raise capital when needed, which would force us to delay, reduce or eliminate our product development programs or commercialization efforts.
- The potential significant fluctuations in our quarterly operating results.
- Our inability to successfully integrate the businesses and personnel of acquired companies and businesses, and inability to realize the anticipated synergies and benefits of such acquisitions.
- The use of our net operating loss carryforwards and R&D tax credits being limited.
- The provisions of our charter documents and Delaware law that may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.
- That the price of our common stock may be subject to significant fluctuations and volatility.
- Our intention to not pay dividends on our common stock for the foreseeable future.
- That raising additional funds by issuing securities would cause dilution to existing stockholders and that raising funds through lending and licensing arrangements may restrict our operations or require us to relinquish proprietary rights.
- That future sales in the public market or issuances of our common stock could lower the market price for our common stock.
- That repurchases of our common stock may not result in increased stockholder value and could adversely affect our liquidity or financial flexibility.
- That our business has been, and could in the future be, negatively impacted by the actions of activist stockholders.
- Risks related to cybersecurity threats and incidents.
- Our failure to maintain the privacy and security of personal and business information.
- Changes in data privacy and protection laws and regulations, particularly in Europe and the State of California.
- Our ability to maintain and upgrade our enterprise resource planning system and other information technology systems as needed.
- Risks and challenges that can impact our business related to the use of artificial intelligence.
- A pandemic, epidemic or outbreak of a contagious disease, or fear of such an event.
- That we may face risks related to corporate social responsibility issues.
- Significant changes in the global climate, extreme weather conditions and water availability.
- Our international operations, which expose us to numerous and sometimes conflicting legal and regulatory requirements.
- Changes in global economic conditions, including, but not limited to, those driven by inflation and tariffs.

PACIRA BIOSCIENCES, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2025

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (the "Annual Report") and certain other communications made by us contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995, including, without limitation, statements related to: the contributions of new directors; '5x30', our growth and business strategy, our future outlook, the strength and efficacy of our intellectual property protection and patent terms, our future growth potential and future financial and operating results and trends, our plans, objectives, expectations (financial or otherwise) and intentions, including our plans with respect to the repayment of our indebtedness, anticipated product portfolio and product development programs, strategic alliances, plans with respect to the Non-Opioids Prevent Addiction in the Nation ("NOPAIN") Act and any other statements that are not historical facts. For this purpose, any statement that is not a statement of historical fact should be considered a forward-looking statement. We often use the words "anticipate," "believe," "can," "could," "estimate," "expect," "intend," "may," "plan," "project," "should," "will," "would" and similar expressions to help identify forward-looking statements. We cannot assure you that our estimates, assumptions and expectations will prove to have been correct. Actual results may differ materially from these indicated by such forward-looking statements as a result of various important factors, including risks relating to, among others: risks associated with acquisitions, such as the risk that the acquired businesses and/or assets will not be integrated successfully, that such integration may be more difficult, time-consuming or costly than expected or that the expected benefits of the transaction will not occur; our manufacturing and supply chain, global and United States, or U.S., economic conditions (including tariffs, inflation and rising interest rates), and our business, including our revenues, financial condition, cash flows and results of operations; the success of our sales and manufacturing efforts in support of the commercialization of EXPAREL, ZILRETTA and iovera°; the rate and degree of market acceptance of EXPAREL, ZILRETTA and iovera°; the size and growth of the potential markets for EXPAREL, ZILRETTA and iovera° and our ability to serve those markets; our plans to expand the use of EXPAREL, ZILRETTA and iovera° to additional indications and opportunities, and the timing and success of any related clinical trials for EXPAREL, ZILRETTA, iovera° and any of our other product candidates, including but not limited to PCRX-201; the commercial success of EXPAREL, ZILRETTA and iovera°; the related timing and success of United States Food and Drug Administration supplemental New Drug Applications and premarket notification 510(k)s; the related timing and success of European Medicines Agency Marketing Authorization Applications; our plans to evaluate, develop and pursue additional product candidates utilizing our proprietary multivesicular liposome ("pMVL") drug delivery technology or our proprietary high-capacity adenovirus ("HCAd") vector platform; the approval of the commercialization of our products in other jurisdictions (by either us or our partners); clinical trials in support of an existing or potential pMVL-based product; our commercialization and marketing capabilities; our ability to successfully complete capital projects; the outcome of any litigation; the recoverability of our deferred tax assets; assumptions associated with contingent consideration payments; assumptions used for estimated future cash flows associated with determining the fair value of the Company; the anticipated funding or benefits of our share repurchase program; and factors discussed in Part I-Item 1A. Risk Factors.

The forward-looking statements included in this Annual Report represent our views as of the filing date of this Annual Report. Important factors could cause our actual results to differ materially from those indicated or implied by forward-looking statements, and as such we anticipate that subsequent events and developments will cause our views to change. Except as required by applicable law, we undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, and readers should not rely on the forward-looking statements as representing our views as of any date subsequent to the date of the filing of this Annual Report.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these statements. These factors include the matters discussed and referenced in Part I-Item 1A. *Risk Factors*.

PART I

Item 1. Business

References

Pacira BioSciences, Inc., a Delaware corporation, is the holding company for our California operating subsidiary named Pacira Pharmaceuticals, Inc. In March 2007, we acquired Pacira Pharmaceuticals, Inc. from SkyePharma Holdings, Inc. (now Vectura Group Limited, a subsidiary of Molex Asia Holdings, Ltd.), or Skyepharma (the "Skyepharma Acquisition"). In April 2019, we acquired MyoScience, Inc., a privately held medical technology company (the "MyoScience Acquisition"), in November 2021, we acquired Flexion Therapeutics, Inc., or Flexion, a publicly traded biopharmaceutical company (the "Flexion Acquisition") and in February 2025, we acquired GQ Bio Therapeutics GmbH, or GQ Bio, a privately-held biopharmaceutical company (the "GQ Bio Acquisition"). Unless the context requires otherwise, references to "Pacira," "we," the "Company," the "Registrant," "us" and "our" in this Annual Report refers to Pacira BioSciences, Inc., a Delaware corporation, and its subsidiaries.

Corporate Information

We were incorporated in Delaware under the name Blue Acquisition Corp. in December 2006 and changed our name to Pacira, Inc. in June 2007. In October 2010, we changed our name to Pacira Pharmaceuticals, Inc. and in April 2019, we changed our name to Pacira BioSciences, Inc. Our principal executive offices and corporate headquarters are located in Brisbane, California.

Trademarks and Service Marks

Pacira®, EXPAREL®, ZILRETTA®, iovera°®, the Pacira logo and other trademarks or service marks of Pacira appearing in this Annual Report are the property of Pacira, and when first used in each part of this Annual Report, include the ® symbol.

This Annual Report contains additional trade names, trademarks and service marks of other companies, which may or may not appear with the ® or ™ symbol. The absence of these symbols does not in any way imply that the respective owner(s) will not assert their rights to such marks to the fullest extent under applicable law. Our use of trademarks or trade names of other companies should not suggest any endorsement, sponsorship or other relationship with or by such companies.

Overview

Our mission is to deliver innovative, non-opioid pain therapies to transform the lives of patients. We have three commercialized non-opioid treatments: EXPAREL® (bupivacaine liposome injectable suspension), ZILRETTA® (triamcinolone acetonide extended-release injectable suspension) and iovera°®. EXPAREL—our flagship product—is a long-acting, local analgesic currently approved for postsurgical pain management. ZILRETTA is an extended-release, intra-articular, or IA (meaning in the joint), corticosteroid injection indicated for the management of osteoarthritis, or OA, knee pain. iovera° is our novel, handheld device for delivering immediate, long-acting, drug-free pain control using precise, controlled doses of cold temperature to a targeted nerve. We are also advancing an innovative pipeline that includes PCRX-201 (enekinragene inzadenovec), a novel, locally administered gene therapy that is in Phase 2 clinical development for the treatment of OA of the knee. PCRX-201 is the lead program from our proprietary high-capacity adenovirus, or HCAd, vector platform, which enables local administration of genetic medicines and has the potential to unlock gene therapy for large prevalent diseases affecting millions of people.

Strategy

In January 2025, we launched our new 5x30 strategic growth plan ("5x30") to accelerate our transition into an innovative biopharmaceutical and therapeutic area leader in musculoskeletal pain and adjacencies. The 5x30 plan focuses on five key objectives that we intend to achieve by 2030: (i) deliver our products to more than three million patients annually; (ii) grow product revenues by a double-digit compounded annual growth rate; (iii) achieve a five percentage-point improvement in gross margins over 2024; (iv) advance an innovative pipeline with at least five programs in clinical development and (v) establish five partnerships—including pipeline and commercial agreements.

Since 5x30 was introduced, we have already made significant progress towards our long-term objectives. In 2025, we reached 2.5 million patients; volume trends show we are moving towards our goal of double-digit topline growth; we are on track for a five-percentage point improvement in gross margins through enhanced manufacturing efficiencies; progress has been made in the pipeline with new preclinical programs; and we have added two strategic partnerships, one for each of EXPAREL and ZILRETTA.

Product Portfolio and Product Candidate Pipeline

Our current product portfolio and product candidate pipeline, along with anticipated milestones over the next 12 to 18 months, are summarized in the table below:

Our Commercial Products

EXPAREL (bupivacaine liposome injectable suspension)

EXPAREL was approved by the FDA in October 2011 and was commercially launched in the U.S. in April 2012. EXPAREL is a long-acting, non-opioid proven to manage postsurgical pain. EXPAREL consists of bupivacaine, an amide-type local anesthetic, encapsulated in our pMVL drug delivery technology, which delivers bupivacaine over time for extended analgesia. It is the only product indicated for local analgesia via infiltration in patients aged six years and older and regional analgesia via interscalene brachial plexus nerve block, sciatic nerve block in the popliteal fossa, and adductor canal block in adults (safety and efficacy have not been established in other nerve blocks). In November 2020, the European Commission, or EC, granted marketing authorization for EXPAREL as a brachial plexus block or femoral nerve block for treatment of post-operative pain in adults, and as a field block for treatment of somatic post-operative pain from small- to medium-sized surgical wounds in adults and children aged six years and older.

We believe EXPAREL addresses a significant medical need for a safe and effective long-acting non-opioid postsurgical analgesic and plays a significant role in opioid minimization strategies. EXPAREL is designed for recovery with minimal opioid use by: (i) delivering targeted local analgesia at the surgical site; (ii) reliably releasing bupivacaine over time for prolonged analgesia; (iii) eliminating the need for catheters and pumps that may hinder recovery and (iv) providing long-lasting pain control while reducing the need for opioids.

Net product sales of EXPAREL were $575.1 million, $549.0 million and $538.1 million for the years ended December 31, 2025, 2024 and 2023, respectively. For the years ended December 31, 2025, 2024 and 2023, net product sales of EXPAREL accounted for 79%, 78% and 80% of our total revenues, respectively.

ZILRETTA (triamcinolone acetonide extended-release injectable suspension)

ZILRETTA is the first and only extended-release, single-shot corticosteroid IA injection therapy for OA knee pain. ZILRETTA employs a proprietary, extended-release microsphere technology combining triamcinolone acetonide, or TA, a commonly administered, immediate-release corticosteroid, with a poly lactic-co-glycolic acid, or PLGA, matrix to provide extended pain relief. PLGA is a proven extended-release delivery vehicle that is metabolized to carbon dioxide and water as it releases drug in the IA space. The ZILRETTA microspheres slowly and continuously release TA into the knee to provide significant pain relief for 12 weeks, with some people experiencing pain relief through 16 weeks. ZILRETTA was approved by the FDA in October 2017 and launched in the U.S. shortly thereafter.

Net product sales of ZILRETTA were $116.6 million, $118.1 million and $111.1 million, for the years ended December 31, 2025, 2024 and 2023, respectively.

iovera°

The iovera° system is a non-opioid handheld cryoanalgesia device used to deliver precise, controlled doses of cold temperature to targeted nerves to produce an immediate, long-lasting neurolytic block that interrupts the pain-transmitting signals of a peripheral nerve. The effect on the nerve is temporary, providing months of pain relief until the nerve regenerates and function is restored over time. The structural components of the nerve are not affected by iovera° treatment.

It is FDA 510(k) cleared in the U.S., has a CE mark in the European Union, or E.U., and is cleared for marketing in Canada for the blocking of pain. The iovera° system is highly complementary to EXPAREL and ZILRETTA as a locally administered, non-opioid therapy that alleviates pain using a non-pharmacological nerve block to disrupt pain signals being transmitted to the brain from the site of injury or surgery. It is also indicated for the relief of pain and symptoms associated with arthritis of the knee for up to 90 days. Net product sales of iovera° were $24.2 million, $22.8 million and $19.7 million for the years ended December 31, 2025, 2024 and 2023, respectively.

EXPAREL Clinical Benefits

We believe EXPAREL can replace the use of bupivacaine delivered via elastomeric pumps as the foundation of a multimodal regimen for long-acting postsurgical pain management. Based on our clinical data, EXPAREL:

- provides long-lasting local or regional analgesia;
- is a ready-to-use formulation;
- expands easily with saline or lactated Ringer’s solution to reach a desired volume;
- can be administered for local analgesia via infiltration and for regional analgesia via field block, as well as brachial plexus nerve block, sciatic nerve block in the popliteal fossa and adductor canal block; and
- facilitates treatment across a variety of surgical sites.

We believe EXPAREL is a key component of long-acting postsurgical pain management regimens that reduce the need for opioids. Based on our clinical studies as well as data from robust, retrospective real-world published studies, EXPAREL is associated with significantly reduced opioid use, fewer emergency department visits and shorter length of stay while improving postsurgical pain management.

In our Phase 3 hemorrhoidectomy trial, EXPAREL:

- delayed the median time to opioid rescue medication to 15 hours for patients treated with EXPAREL versus one hour for patients treated with placebo;
- significantly increased the percentage of patients requiring no opioid rescue medication through 72 hours post-surgery to 28%, compared to 10% for placebo;
- resulted in 45% less opioid usage through 72 hours post-surgery compared to placebo; and
- increased the percentage of patients who were pain free at 24 hours post-surgery compared to placebo.

In our Phase 3 trial as an interscalene brachial plexus nerve block for upper extremity surgeries, EXPAREL:

- decreased total opioid consumption by 78% ($p<0.01$) from zero to 48 hours after surgery;
- reduced pain scores by 46% versus placebo ($p<0.01$); and
- allowed 13% of patients who received EXPAREL to remain opioid-free for 48 hours after surgery ($p<0.01$) compared to one opioid-free patient in the placebo arm.

In our Phase 3 trial as an adductor canal block in patients undergoing total knee arthroplasty, or TKA, EXPAREL:

- achieved the primary endpoint by significantly reducing cumulative pain scores from zero to 96 hours after surgery compared with bupivacaine HCl ($p<0.01$); and
- achieved its secondary endpoint with a statistically significant reduction in postsurgical opioid consumption through 96 hours ($p<0.01$) compared with bupivacaine HCl.

In our Phase 3 trial as a sciatic nerve block in the popliteal fossa in patients undergoing bunionectomy, EXPAREL:

- achieved the primary endpoint by significantly reducing cumulative pain scores from zero to 96 hours after surgery compared with bupivacaine HCl ($p<0.01$); and
- achieved its secondary endpoints with statistically significant reductions in postsurgical opioid consumption through 96 hours ($p<0.01$) and the percentage of opioid-free subjects ($p<0.01$) compared with bupivacaine HCl.

EXPAREL can improve patient satisfaction and outcomes. We believe EXPAREL:

- provides effective pain control without the need for expensive and difficult-to-use delivery technologies that extend the duration of action for bupivacaine, such as elastomeric pumps, or opioids administered through patient-controlled analgesia, or PCA, when used as part of a multimodal postsurgical pain regimen;
- reduces the need for patients to be constrained by elastomeric pumps and PCA systems, which are barriers to earlier ambulation and may introduce catheter-related issues, including infection; and
- promotes maintenance of early postsurgical pain management, which may reduce the time to discharge.

Key EXPAREL Markets

Orthopedics

EXPAREL is used across multiple orthopedic procedures, including joint reconstruction, shoulder, spine, extremity procedures, and hip fractures. In November 2023, the FDA approved our supplementary New Drug Application, or sNDA, to expand the EXPAREL label to include administration in adults as an adductor canal block and a sciatic nerve block in the popliteal fossa. An adductor canal block is used for anesthesia and analgesia for surgeries of the knee, medial lower leg and ankle. A sciatic nerve block in the popliteal fossa is used for anesthesia and analgesia for foot, ankle, Achilles tendon and other lower leg surgeries. These new indications provide additional flexibility in the use of EXPAREL as a regional analgesic for more than three million lower extremity procedures annually, further increasing the utility of EXPAREL for major orthopedic procedures.

Total joint arthroplasties are expected to grow rapidly in the coming years with a significant migration of these procedures from the inpatient hospital setting to outpatient sites of care. EXPAREL-based regional analgesia as part of multimodal pain management protocols in enhanced recovery after surgery, or ERAS, pathways is supporting this surgical migration. The clinical and economic benefits of EXPAREL in total joint arthroplasty procedures have been demonstrated in clinical studies with EXPAREL use associated with significant reductions in opioid consumption, well-controlled pain management, shorter recovery time, same-day discharge to home and high patient satisfaction.

EXPAREL administered as a brachial plexus nerve block is a key and growing part of our business. An EXPAREL brachial plexus block provides pain coverage for the upper quadrant for use in rotator cuff, shoulder arthroplasty, elbow, wrist and hand procedures. Like other regional field blocks, anesthesiologists see the strong advantages of using interscalene brachial plexus blocks as a vehicle for shifting procedures to the outpatient setting by replacing antiquated pumps and catheters, which often become dislodged and prevent a procedure from taking place in a 23-hour site of care. Additionally, EXPAREL reimbursement is improving as payers and self-insured employers continue to drive the shift from inpatient to outpatient care for a variety of surgeries.

EXPAREL is being adopted in an increasing number of spine surgeries as a key component of a multimodal pain management solution enabling rapid recovery after surgery and a reduced reliance on opioids, which have been the mainstay in postsurgical pain control in the spine area for decades. Two important patient groups are driving the spine market: first, pediatric cases, like adolescent scoliosis patients, who are undergoing highly invasive surgeries and who until very recently only had opioids available to treat their pain, and second, adult degenerative patients who are often coming into surgery opioid-

tolerant and who may have already had multiple back surgeries. Managing postsurgical pain in these adult degenerative patients can be challenging due to their established opioid tolerance, but by utilizing EXPAREL, healthcare providers can control their pain with a non-opioid approach, and when feasible based on surgical intervention and patient characteristics, move many historical inpatient procedures to the 23-hour stay environment.

Abdominal and Colorectal

A variety of truncal blocks are used in abdominal and colorectal procedures. Transversus abdominis plane, or TAP, and erector spinae plane blocks represent a significant market where EXPAREL is providing long-acting pain control for abdominal and colorectal surgeries and supporting the migration of these procedures to the 23-hour setting. We expect EXPAREL field blocks will continue to be the foundation of enhanced recovery protocols across various abdominal and colorectal procedures.

Women's Health

There is a significant and growing demand among women for managing pain with non-opioid options. Opioid addiction in women is growing at an alarming rate and studies have shown that women are 40 percent more likely than men to become newly persistent users of opioids following surgery. Women's Health is a key target market as anesthesia-driven EXPAREL-based TAP and pectoralis blocks take hold as institutional protocol for Cesarean section, abdominoplasty, gynecologic oncology, mastectomy and breast reconstruction procedures.

Cardiothoracic

Cardiothoracic surgery is considered one of the most painful types of surgical procedures for both open and minimally invasive procedures. As a result, opioids are widely used but are often inadequate. Pain may persist for prolonged periods following surgery with 35 percent of patients reporting persistent thoracic pain one year post cardiac surgery. Opioids are used extensively after cardiothoracic surgery and nearly one in ten patients will continue to use opioids over 90 days after surgery. Regional anesthesia approaches have been evolving, with EXPAREL replacing thoracic epidurals as an alternative method of producing long-lasting postsurgical analgesia.

Pediatrics

In March 2021, the FDA approved our sNDA to expand the EXPAREL label to include use in patients six years of age and older for single-dose infiltration to produce postsurgical local analgesia. EXPAREL is the first and only FDA-approved long-acting local analgesic for the pediatric population as young as age six. In November 2022, both the EMA's Committee for Medicinal Products for Human Use, or CHMP, and the Medicines and Healthcare Products Regulatory Agency, or MHRA, approved marketing authorization for an expanded indication of EXPAREL to include use in children aged six years and older as a field block for treatment of somatic post-operative pain from small- to medium-sized surgical wounds.

Opioids, short-acting local anesthetics and catheter-based devices have been the historical mainstay in pediatric postsurgical pain management despite safety implications and limited studies in children. The risks and complications of adult-based pain management approaches may be magnified in children with 50 percent of children reporting moderate to severe pain in the hospital after surgery and 20 percent of children reporting chronic pain 12 months after surgery.

EXPAREL is redefining the paradigm of care for postsurgical pain management in children as the market's only clinically proven safe alternative for long-acting, non-opioid postsurgical pain control in children aged six and over. There are approximately one million pediatric procedures per year in the U.S. We are working with prominent thought leaders who are providing a rapid transfer of best-practice for establishing EXPAREL-based protocols as the new standard of care.

Third Molar (Wisdom Tooth) Procedures

Third molar (wisdom tooth) extractions are among the most common dental procedures in the U.S. and are performed in up to 5 million patients every year. Oral surgery, including third molar extraction, is associated with a defined period of pain and discomfort that traditionally leads to prescriptions for opioids. A large retrospective review of the Medicaid database found that of 2.8 million patients who underwent surgical tooth extraction, 1.2 million—or roughly 42 percent—filled a prescription for opioids within seven days after surgery, with a median of 120 morphine milligram equivalents dispensed per patient. A study of the effect of EXPAREL on postoperative opioid prescribing after third molar extraction showed that patients who received EXPAREL were prescribed significantly fewer opioids, including refills, compared to those who did not receive EXPAREL. The study, *A Retrospective Cross-Sectional Study of the Effect of Liposomal Bupivacaine on Postoperative Opioid Prescribing After Third Molar Extraction*, was published in *The Journal of Oral and Maxillofacial Surgery* in July 2021. In this retrospective analysis, researchers reviewed data from 600 patients who underwent third molar extractions between 2012 and 2018. De-identified data from 300 patients who received EXPAREL were compared to data from 300 patients who did not receive an infiltration of EXPAREL. Data from two outpatient oral surgery centers were included in this analysis. Patients in the EXPAREL treatment group received:

- 59 percent fewer opioids, including refills, compared to patients in the non-EXPAREL group ($p<0.0001$)

- Fewer additional opioid prescriptions compared to the non-EXPAREL group (3.3% of patients required a refill vs. 7.7% of patients, respectively)

EXPAREL Opioid-Sparing and Economic Benefits

Retrospective, real-world studies highlight EXPAREL's opioid-sparing and economic benefits:

- In December 2025, the *Journal of Knee Surgery* published a comprehensive, narrative review outlining strategies for reducing opioid use for TKA postoperative pain via a tiered, perioperative, multimodal pain management regimen that does not compromise patient comfort or recovery. This regimen is derived from clinical strategy, supportive policy (e.g., the NOPAIN Act), and data infrastructure (e.g., our Innovations in Genicular Outcomes Research registry).
- In October 2025, the *Journal of Arthroplasty* published a retrospective, observational cohort study leveraging IQVIA's New Data Warehouse data from patients undergoing TKA at the top 50 outpatient ambulatory surgical centers, or ASCs, with medium-to-high volume liposomal bupivacaine, or LB, use between 2017 and 2024. Propensity score matching was used to create comparable groups; LB and non-LB cohorts each had 2,307 patients. No differences were reported. LB resulted in significantly fewer opioid-treated days at 360 days post-surgery (but not at 30 or 90 days), fewer physical therapy and occupational therapy visits (all 3 timepoints) and lower total healthcare and pain-related costs.
- In June 2025, the *Journal of Medical Economics* published a retrospective, observational cohort study utilizing data from Medicare Fee for Service (FFS) beneficiaries undergoing the top 100 hospital outpatient hospital outpatient department, or HOPD, surgical procedures between 2019 and 2023. Cohorts included LB (n=275,048) and non-LB (n=2,710,846) analgesia recipients. Unknown bias in claims data analysis was corrected using propensity score weighting techniques. LB use resulted in significantly decreased emergency department and short-term acute-care hospitals (STACH) admissions and reduced the number of opioid prescription fills and probability of mortality. LB also reduced beneficiary expenditures and total Medicare expenditures. The only exception to these reductions was the increase in HOPD expenditures for the LB cohort, which may have been caused by variation in facility charges.

ZILRETTA Clinical Benefits

ZILRETTA combines TA with a proprietary, extended-release microsphere technology to administer extended therapeutic concentrations in the joint and persistent analgesic effect.

Based on the strength of its pivotal and other clinical trials, we believe that ZILRETTA represents an important treatment option for the millions of patients in the U.S. in need of safe and effective extended relief from OA knee pain. The pivotal Phase 3 trial showed that ZILRETTA significantly reduced OA knee pain for 12 weeks, with some people experiencing pain relief through 16 weeks. We believe that ZILRETTA holds the potential to become the corticosteroid of choice given its high patient satisfaction, with up to four months of reliable OA knee pain relief and fewer office visits. ZILRETTA also has a strong safety and pharmacokinetic profile. It remains localized in the knee, which allows for fewer systemic effects, including significantly lower hypoglycemia. This represents a meaningful opportunity as 14 percent of patients with OA also have diabetes. It is also the first and only extended-release corticosteroid on the market. In August 2021, the American Association of Orthopaedic Surgeons, or AAOS, updated its evidence-based clinical practice guidelines, finding ZILRETTA can improve patient outcomes over traditional immediate-release corticosteroids.

We are conducting a Phase 3 registration study that evaluates the safety and efficacy of ZILRETTA for the management of OA pain of the shoulder. An interim analysis later this year will inform next steps for our study. If the study is successful, we plan to seek approval to expand the ZILRETTA label to include OA pain of the shoulder.

iovera° Clinical Benefits

There is a growing body of clinical data demonstrating success with iovera° treatment for a wide range of chronic pain conditions. Some of our strongest data relates directly to the improvement of OA pain of the knee. In a pivotal trial evaluating iovera° for knee OA pain, the majority of the patients suffering from OA pain of the knee experienced pain relief up to 150 days after being treated with iovera°.

Surgical intervention is typically a last resort for patients suffering from knee OA pain. Treatment with iovera° has also demonstrated effectiveness for managing pain associated with knee replacements. Specifically, findings demonstrated reductions in opioids, including:

- The daily morphine equivalent consumption in the per protocol group analysis was significantly lower at 72 hours ($p<0.05$), 6 weeks ($p<0.05$) and 12 weeks ($p<0.05$).

- Patients who were administered iovera° were far less likely to take opioids six weeks after surgery. The number of patients taking opioids six weeks after TKA in the control group was three times the number of patients taking opioids in the cryoanalgesia group (14 percent vs. 44 percent, $p<0.01$).
- Patients in the iovera° group demonstrated a statistically significant reduction in pain scores from their baseline pain scores at 72 hours ($p<0.05$) and at 12 weeks ($p<0.05$).

We believe these data validate iovera° as a clinically meaningful non-opioid alternative for patients with knee OA as well as those undergoing TKA, and that iovera° offers the opportunity to provide patients with non-opioid pain control well in advance of any necessary surgical intervention through a number of key product attributes:

- iovera° is safe and effective with immediate pain relief that can last for months as the nerve regenerates over time;
- iovera° is repeatable, with no diminishing effectiveness over time and repeat use;
- The iovera° technology does not risk damage to the surrounding tissue;
- iovera° is a convenient handheld device with a single-use procedure-specific Smart Tip; and
- iovera° can be delivered precisely using imaging guidance or an anatomical landmark.

A study published in 2021 that included 267 patients undergoing TKA (169 who underwent cryoneurolysis with iovera° compared to 98 patients who did not receive iovera° treatment) showed that patients who were treated with iovera° had 51% lower daily morphine milligram equivalents during their hospital stay and a 22% lower mean pain score versus those who were not. In addition, the iovera° group had greater function at discharge, a shorter length of hospital stay and received significantly fewer opioids, including discharge prescriptions at week 2 and week 6 after surgery.

In September 2021, the AAOS updated its evidence-based clinical practice guidelines, reporting that denervation therapy—including cryoneurolysis—may reduce knee pain and improve function in patients with symptomatic OA of the knee.

We are currently sponsoring a prospective, real-world registry called the Innovations in Genicular Outcomes Registry, or IGOR, which is a patient-focused registry governed in collaboration with a steering committee of scientific experts that evaluates clinical, economic- and health-related patient-reported outcomes in patients who have received any treatment for knee OA pain, including TKA. This multicenter, prospective, long-term observational study is capturing extensive real-world data on the safety, effectiveness and economic impact of a wide range of surgical and non-surgical OA knee pain interventions, as well as patient characteristics. The purpose of IGOR is to help guide best practices for current treatment and inform the development of future therapies. Designed in collaboration with specialists in orthopedic surgery, sports medicine, physiatry rheumatology, and family medicine, the registry follows patients for multiple years, but at least a minimum of 18 months.

A unique feature of IGOR is that if patients receive additional treatments for OA, data capture resets so that outcomes of their treatment journey can be followed over multiple years. Unlike in clinical studies, treatment decisions in IGOR are decided by physicians and patients in a shared decision-making manner rather than being driven by treatment assignment, so that outcomes are truly those from real-world applications. The IGOR registry is tracking outcomes of iovera°, ZILRETTA and EXPAREL, as well as comparator treatments. Early outcomes from IGOR have shown that patients who receive iovera° prior to undergoing TKA have less pain, improved function and improved sleep for six months after surgery versus patients who do not receive iovera°. As of February 2026, more than 3,200 patients have enrolled in the IGOR registry across 15 participating sites in the U.S.

Beyond treatment for pain, observational data has been presented at multiple congresses showing the effectiveness of iovera° for the treatment of upper limb spasticity over 90 days by targeting motor nerves. We are advancing a registration trial to evaluate the efficacy and safety of iovera° for treating spasticity.

In December 2024, the FDA cleared our 510(k) submission to market a new iovera° Smart Tip designed to access the medial branch nerves to administer a medial branch block to manage chronic low back pain. Millions of Americans suffer from chronic low back pain. It often leads to poor quality of life, disability, lost wages, and persistent prescription opioid use. The first phase of the launch is underway with an initial focus on spine key opinion leaders to gather insights and feedback before expanding to a broader targeted audience. A pilot randomized control trial evaluating iovera° versus radiofrequency ablation for the treatment of lower back pain showed that iovera° had significantly greater improvements in pain and disability and required fewer injections over a year.

Before the approval of this new Smart Tip, the iovera° portfolio consisted of either a three-pronged Smart Tip featuring 8.5mm long 27-gauge needles to treat superficial nerves or a single, 90mm long, 20-guage Smart Tip ideally suited to treat deeper nerves. It is most commonly used to treat knee pain, but frequently used to manage pain in the hip, shoulder, chest, foot and ankle, and more. Now, this new, 25-gauge 180mm Smart Tip allows for the treatment of deeper nerves, such as the medial branch nerve and is specifically designed so that it can relieve chronic low back pain associated with facet mediated pain. This

longer-needle Smart Tip is uniquely designed for use through a cannula or introducer, providing the ability for ice ball formation at deeper peripheral nerves.

Chronic low back pain remains a pervasive health challenge in the U.S.:

- Back pain is the leading cause of disability nationwide.
- Back pain is also the most common reason for extended work absences.
- Chronic back pain is the number one indication for opioid prescriptions, often leading to dependency and abuse.
- Annually, 28 to 30 million Americans seek treatment for chronic back pain, yet only 2 to 3 million undergo interventional procedures.

With the introduction of this new iovera° Smart Tip, Pacira aims to address these gaps and elevate the standard of care. This FDA-cleared innovation offers a compelling alternative to conventional treatments such as radiofrequency ablation, or RFA, which has substantial limitations. With RFA, patients may not get the effects of pain relief until 1-2 weeks after treatment, further the intense heat can damage surrounding tissue and blood vessels, and tissue damage may lead to painful neuritis (inflammation in the nerves).

In December 2025, we announced results from a randomized, 30-patient pilot study evaluating iovera° cryoneurolysis versus radiofrequency ablation, or RFA, for chronic low back pain. The study, published in *Pain Physician*, the official journal of the American Society of Interventional Pain Physicians, demonstrated favorable safety, pain reduction, and functional disability outcomes for patients treated with iovera° over a 12-month period. Key published findings included:

- Patients treated with iovera° experienced significantly lower pain scores at both 180 and 360 days compared with those treated with RFA.
  - Day 180: 3.1 vs. 5.4 (p=0.01)
  - Day 360: 3.0 vs 6.1 (p=0.01)
- Functional disability improved more substantially with iovera°, with Oswestry Disability Index (ODI) scores significantly lower at 360 days.
  - Day 360: 10.1 vs 20.6 (p=0.002)
- Fewer iovera° patients required additional spine injections after 180 days.
  - 45.5% of iovera° patients vs. 75% of RFA patients needed additional treatments
- No treatment-related adverse events were reported in either group across the 12-month follow-up period.
- The study was not blinded, and the short tip of the cryoneurolysis device restricted its use to patients with low body mass indexes.

The Osteoarthritis Market

OA is the most common form of arthritis. It is also called degenerative joint disease and occurs most frequently in the hands, hips and knees. With OA, the cartilage within a joint begins to break down and the underlying bone begins to change. These changes usually develop slowly and worsen over time. OA can cause pain, stiffness and swelling. In some cases, it also causes reduced function and disability—some people are no longer able to do daily tasks or work. According to the CDC, OA affects over 32.5 million adults in the U.S.

The lifetime risk of developing symptomatic knee OA is 45 percent according to the Arthritis Foundation. The prevalence of symptomatic knee OA increases with each decade of life, with the annual incidence of knee OA being highest between age 55 and 64 years old. There are 15 million individuals in the U.S. who have symptomatic knee OA, and nearly two million are under the age of 45. Surgical intervention is typically a last resort for patients suffering from OA of the knee.

Clinicians have the flexibility to individualize OA knee pain treatment with either ZILRETTA or a drug-free nerve block with iovera° based on patient factors and preference, physician training, site of care and reimbursement considerations.

Innovations in Genicular Outcomes Registry (IGOR)

In line with our commitment to driving innovation in managing musculoskeletal pain and adjacencies with opioid-sparing strategies, we are supporting the Innovations in Genicular Outcomes Registry, or IGOR. This first-of-its-kind multicenter, prospective, long-term registry is collecting extensive real-world characteristics and impact data of various interventions that patients receive throughout their treatment journey for OA of the knee including oral medications, intra-articular injections through knee replacement surgery.

IGOR is a multi-center, multi-treatment, multi-outcome long-term registry that has the potential to provide valuable insights into safety, clinical effectiveness, patient response and economic outcomes of various treatment methods over time in real world practice. These insights can provide valuable information to help guide best practices for current surgical and non-surgical treatments of knee OA, as well as inform the development of future therapies by providing a better understanding of patient characteristics and treatment response.

Recognizing that OA management spans multiple treatment paradigms, the IGOR registry was designed and is being conducted in collaboration with a multi-disciplinary team of specialists in orthopedic surgery, sports medicine, physiatry, rheumatology and family medicine. The robust design of IGOR is intended to capture real-world data across a broad range of OA treatments, reflecting each patient's dynamic care journey over an extended period. The study collects patient characteristics, as well as clinical, economic and patient-reported outcomes, with most patients contributing data over several years across multiple interventions. Much of the data are gathered directly from representative patients and clinical settings, with long-term engagement contributing to high quality, meaningful insights.

With over 3,200 patients enrolled since September 2021, this robust knee OA database is now yielding high-quality data and generating valuable insights into a range of interventions. These insights have the potential to significantly influence how knee pain is treated, ultimately improving patient outcomes. Key areas of focus include pain, functional outcomes, opioid utilization, and quality-of-life assessments. In addition to understanding the landscape of treatments, recent and forthcoming peer-reviewed scientific publications—including *The Journal of Arthroplasty*; *Arthroplasty Today* and *Surgical Technology International*—have summarized patient reported outcomes for Pacira's products.

Additional data is forthcoming including the long-term outcomes of iovera° and ZILRETTA, outcomes of repeat dosing of ZILRETTA and post TKA outcomes of EXPAREL.

Label and Global Activities

EXPAREL

- *Pediatrics.* We are conducting a Phase 1 pharmacokinetic study after which we would launch a registration study to support expansion of the EXPAREL single-dose infiltration label to include patients under six years of age. If successful, we expect this study, followed by a Phase 3 study, will support expansion of the EXPAREL labels in the U.S., E.U. and United Kingdom, or U.K. We are also discussing with the FDA, EMA and Medicines and Healthcare Products Regulatory Agency (MHRA) our regulatory strategy for EXPAREL administered as a nerve block in the pediatric setting. We received notification from the FDA in October 2023 that our pediatric studies requirement had been waived for the indication of brachial plexus interscalene nerve block to produce postsurgical regional analgesia in pediatric patients as well as sciatic nerve block in the popliteal fossa and adductor canal block indications in October 2024.

  We have successfully completed Part 1 of the Phase 1 pharmacokinetic pediatric study in children aged two to less than six years of age and have initiated enrollment for Part 2 of the study in children aged six months to less than two years of age using the same dosage that was utilized in Part 1.

- *Global activities.* Our products are currently only marketed in the U.S. We believe there is an opportunity in certain key markets outside of the U.S. where our products can be financially viable and deliver value. We are actively seeking potential commercial partners to realize that potential, and in January 2026, we and LG Chem, Ltd., or LG Chem, entered into a partnership agreement designed to expand access to EXPAREL in select Asian–Pacific markets. For more information, see *Other Agreements* below.

ZILRETTA

We believe ZILRETTA's extended-release profile may also provide effective treatment for OA pain of the shoulder, and in 2024 launched a Phase 3 trial investigating ZILRETTA as a treatment for OA pain of the shoulder. The shoulder study will compare ZILRETTA to placebo.

iovera°

In 2022, we launched a next-generation iovera° handheld device, which we believe is more efficient, provides more consistent treatment, is easier for providers to use and is more durable. We have a plan to develop new iovera° Smart Tips for certain procedures and are near completion on developing a specific tip for a medial branch block for treating chronic low-back pain, as well as managing pain related to other spine surgical procedures. We are also preparing to launch an investigational device exemption (IDE) study to evaluate iovera° as an alternative treatment for the debilitating condition of spasticity. Additionally, we began selling iovera° in Europe through a contracted sales force in 2022.

We are also developing new iovera° Smart Tips to expand the use of iovera° to other chronic and acute pain applications, such as foot and ankle pain, elbow and wrist pain and pediatric care.

A pilot randomized controlled trial which compared 30 patients who underwent bilateral medial branch blocks with iovera° versus radiofrequency plus steroid injection showed a significant improvement in pain and disability index scores in patients who received an iovera° treatment versus radiofrequency. These data were presented at the 2024 North American Neuromodulation Society and the Association of Academic Physiatrists congresses.

Clinical Development Programs

PCRX-201

PCRX-201 is the lead program from our HCAd platform and we believe it underscores its promise for treating common diseases given its encouraging data in OA. PCRX-201 is targeting the IL-1 pathway, which triggers inflammation in response to pathogens and cellular stress. IL-1Ra is a core regulator of this pathway and helps to keep inflammation in balance by turning off the IL-1 pathway when it's not needed. As people get older, their bodies have a more challenging time maintaining that balance resulting in chronic IL-1-driven inflammation that eventually causes joint damage and pain.

After injection of PCRX-201, the HCAd vector enters joint cells and turns them into factories to boost cellular IL-1Ra production, which blocks IL-1 pathway activation to reduce inflammation and pain in the knee. PCRX-201 uses an inflammation-responsive promoter to only produce IL-1Ra when needed, mimicking how the body naturally responds to inflammation. In a Phase 1 proof-of-concept study of patients with moderate to severe OA of the knee, PCRX-201 was well tolerated with improvements in knee pain observed across all doses. The study enrolled 72 patients who were broken into two cohorts. The first cohort received one of three doses of PCRX-201. The second cohort received concurrent pre-treatment with an IA corticosteroid (methylprednisolone 40 mg), a technique common in gene therapy dosing to improve tolerability and gene transfer. PCRX-201 was well tolerated, with efficacy observed through at least 52 weeks at all doses and cohorts. The highest level of efficacy was achieved in the co-administered steroid group, which showed a greater percentage of patients with at least a 50% improvement in Western Ontario and McMaster Universities Osteoarthritis Index (WOMAC) pain and stiffness scores, as well as a meaningful improvement in Knee Injury and Osteoarthritis Outcomes Score (KOOS) functional assessment. In all 3 doses, over 70% of patients saw a 50% or greater improvement in pain compared to baseline at week 16 and 78. PCRX-201 was well-tolerated with no serious treatment-emergent adverse events related to the treatment or procedure reported regardless of steroid pretreatment or dose level administered. While other therapies typically provide relief for three to six months, PCRX-201 has shown the potential to set a new standard with pain relief lasting at least 2 years from a single injection.

Given these highly encouraging Phase 1 data, we are advancing a Phase 2 clinical study in knee OA. The two-part, multicenter study—known as ASCEND—will involve approximately 135 patients, 45 to 80 years old with painful OA of the knee at a Kellgren-Lawrence (K-L) Grade of 2, 3 or 4. Subjects are randomly assigned to a treatment dose group and stratified by K-L Grade, a semiquantitative method for evaluating the severity of OA on a scale of 0-4.

ASCEND will evaluate two doses of PCRX-201, Dose A is 1.4×10^{10} genome copies and Dose B is 1.4×10^{11} genome copies. Patients are being randomized 1:1:1 to Dose A, Dose B or saline. All cohorts will receive concurrent pretreatment with an IA corticosteroid (methylprednisolone 40 mg).

Part A of the study randomized approximately 45 patients and Part B will randomize approximately 90 patients. The drug product used in Part B of the study will be manufactured using our newly developed, suspension-based batch manufacturing process intended for commercial scale-up. We recently achieved our enrollment target for Part A of the study and expect to report results from a pre-specified interim analysis before the end of 2026.

For both Parts A and B of the study, the primary endpoint is the number and percent of treatment-emergent adverse events, adverse events of special interest, and serious adverse events for PCRX-201 plus steroid pretreatment versus saline plus steroid pretreatment from Week 1 through Week 52. The study's secondary and exploratory endpoints include efficacy assessments such as changes in pain and physical function from baseline at Weeks 38 and 52. Efficacy will be measured using the Numerical Rating Scale (NRS), WOMAC and KOOS. Biomarkers, including structural endpoints, as well as immunogenicity and biodistribution will also be evaluated and all subjects will be followed for 5 years.

PCRX-201 has received Regenerative Medicine Advanced Therapy, or RMAT, designation from the FDA and Advanced Therapy Medicinal Products, or ATMP, designation from the EMA. RMAT and ATMP are regulatory programs designed to expedite the development and review processes for promising therapies targeting a significant unmet need with preliminary clinical evidence indicating that the therapy has the potential to offer a major advantage over existing treatments.

IL-1's Role in Inflammation

The IL-1 pathway triggers inflammation in response to pathogens and cellular stress. IL-1Ra is a core regulator of this pathway and helps keep inflammation in balance by turning off the IL-1 pathway when it is not needed. As people age, their bodies have a more challenging time maintaining that balance. As a result, people develop chronic IL-1-driven inflammation that eventually causes joint damage and pain.

It has been well established that chronic IL-1 activation is an underlying driver of knee inflammation, joint degeneration and pain. By targeting it, we are able to target a root cause of disease rather than just alleviating only the symptoms of OA. FDA-approved drugs, such as anakinra and canakinumab, have successfully targeted the IL-1 pathway in other joint inflammatory conditions, proving that blocking its activation is a well-validated, de-risked strategy for reducing inflammation. Existing drugs that target IL-1 are not practical for OA because they would require very high doses or daily injections directly into the joint. The PCRX-201 mechanism of action could potentially solve the limitations experienced with existing drugs.

PCRX-201 Mechanism of Action

PCRX-201 is a gene therapy that boosts cellular IL-1Ra production, which blocks IL-1 pathway activation and dampens down chronic inflammation in the knee. It uses an inflammation-responsive promoter to only produce IL-1Ra when needed, mimicking how the body naturally responds to inflammation. It is delivered directly into the knee joint capsule providing durable pain relief where it matters most and with no to minimal systemic exposure.

PCRX-201 Safety and Efficacy

In November 2024, we presented two-year safety and efficacy data at the American College of Rheumatology's annual ACR Convergence meeting in Washington, DC. The new data is derived from an open-label, Phase 1 trial investigating the safety and efficacy of PCRX-201 administered via ultrasound-guided IA injection in 72 patients with moderate to severe osteoarthritis of the knee (OAK) graded at 2, 3, or 4 on the Kellgren-Lawrence scale, a semiquantitative method for evaluating the severity of OA on a scale of 0-4. Participants were broken into two cohorts. The first cohort received one of three doses of PCRX-201. The second cohort received concurrent pretreatment with an IA corticosteroid (methylprednisolone 40 mg), a technique common in gene therapy dosing to improve tolerability and gene transfer. Pain and function benefits were observed at all doses and across both cohorts over the full two years studied, with patients in the second cohort achieving greater pain reduction and fewer adverse events, or AEs. Additional results in the pretreated cohort, across all doses, included:

- 48% to 65% improvement in pain from baseline, as measured by the Western Ontario and McMaster Universities Arthritis Index-A (WOMAC-A)
- 53% to 72% improvement in stiffness from baseline, as measured by WOMAC-B:
    - Improvements in function from baseline, as measured by the KOOS Activities of Daily Living (ADL) scale, that were similar to improvements in WOMAC-A and WOMAC-B
- By 16 weeks more than 70% of participants achieved greater than 50% reductions from baseline pain.

No serious treatment-emergent AEs related to the treatment or procedure were reported regardless of steroid pretreatment or dose level administered. Treatment-related joint effusions (swelling) were the most common AE, occurring in 36% of patients who received steroid pretreatment versus 61% of patients who were not pretreated. The majority of effusions were mild to moderate in severity and resolved in a median of 33 days among patients in the pretreated group.

While other therapies typically provide relief for three to six months, PCRX-201 has already set a new standard with a year or more of sustained pain relief from a single injection. Given these highly encouraging Phase 1 data, we completed enrollment in Part A of a randomized, double-blind Phase 2 clinical study in knee OA in November 2025. Further, a Part B randomized, double-blind Phase 2 clinical study in knee OA will be initiated in the second half of 2026.

In February 2024, the FDA granted PCRX-201 a Regenerative Medicine Advanced Therapy, or RMAT, designation. Established under the 21st Century Cures Act, RMAT designation is a dedicated program designed to expedite the development and review processes for promising therapies, including genetic therapies, that are intended to treat, modify, reverse or cure a serious or life-threatening disease or condition, and for which preliminary clinical evidence indicates that the drug or therapy has the potential to address an unmet medical need. PCRX-201 is the first gene therapy product candidate to receive RMAT designation for OA.

HCAd Vector Platform

Our proprietary HCAd vector platform solves many of the challenges in the field of genetic medicine that have prevented its utilization in treating common diseases like OA. Key features include:

- The HCAd vector is much more efficient at delivering genes into cells compared to many other gene therapies that rely on adenovirus associated virus, or AAV, vectors. As a result, the desired effect can be achieved with much smaller doses;
- The vector used in the HCAd platform can carry up to 30,000 base pairs of DNA, which enables gene therapy with multiple or larger genes compared to AAV vectors; and
- Genetic medicines based on the HCAd platform can be administered locally and have the potential for redosing at therapeutically appropriate intervals.
- Lower dose levels mean that thousands of doses can be produced in a single batch. As a result, we expect that any therapies built on the HCAd platform would have a commercially attractive and viable cost of goods profile.

Other HCAd Product Candidates

In addition to PCRX-201, we currently have prioritized three other preclinical HCAd-based gene therapy programs that we believe have disease modifying potential in other painful conditions. These include Investigational New Drug (IND) enabling studies of PCRX-1002 for Dry Eye Disease and PCRX-1003 for Degenerative Disc Disease. We also intend to conduct animal studies for PCRX-1001, which we believe has out-licensing potential for OA in dogs and other companion animals.

PCRX-2002

In November 2025, we and AmacaThera, Inc., or AmacaThera, a clinical-stage biotechnology company specializing in drug delivery, announced an exclusive worldwide license agreement for the development and commercialization of PCRX-2002 (previously known by AmacaThera as AMT-143), a long-acting formulation of the non-opioid analgesic ropivacaine for postsurgical pain. PCRX-2002 is a slow-release, non-opioid local analgesic providing long-acting post-operative pain relief. It is administered via instillation at the time of the surgery and leverages AmacaThera's innovative hydrogel platform, a fast-gelling physical hydrogel composed of two well-established polymers enabling slow-release while minimizing systemic side effects. It is delivered via a conventional syringe and rapidly forms a depot as it warms to body temperature. In a Phase 1 study, PCRX-2002 demonstrated sustained release of ropivacaine through 14 days. We and AmacaThera expect to initiate a Phase 2 program in 2026.

Customer-Facing Organization

We have built our sales and marketing organization to commercialize our products. Our primary target audiences are healthcare practitioners who influence pain management decisions including anesthesiologists, surgeons, pharmacists and physician extenders (including physician assistants, nurse practitioners and registered nurses).

Our customer-facing team, consisting of sales representatives, account managers, scientific and medical affairs personnel and reimbursement and market access professionals, executes on a full range of activities to broaden the use of our non-opioid products for pain management, including:

- providing publications and abstracts showing clinical efficacy and safety, health outcomes and review articles;
- working in tandem with hospital staff, such as anesthesiologists, surgeons, heads of quality, pharmacists, executives and registered nurses, to provide access and resources for drug utilization or medication use evaluations and health outcomes studies, which provide retrospective and prospective analyses for our hospital customers using their own hospital data to demonstrate the true cost of opioid-based postsurgical pain control;
- working with KOLs and advisory boards to address topics of best practice techniques as well as guidelines and protocols for the use of our products, meeting the educational and training needs of our physician, surgeon, anesthesiologist, pharmacist and registered nurse customers;
- undertaking education initiatives such as center of excellence programs; preceptorship programs; opioid-sparing and ERAS pain protocols and predictive models for enhanced patient care; interactive discussion forums; patient education platforms leveraging public relations, advocacy partnerships and public affairs efforts where appropriate; web-based training and virtual launch programs;
- collaborating with healthcare providers towards improving the knowledge and management of pain in surgical and OA patients with a focus on opioid risk and non-opioid alternatives and engaging our field-based medical teams in system-wide partnerships to address the national opioid epidemic, with a goal of studying alternative postsurgical pain management options that focus on optimization and opioid alternative strategies; and

- facilitating reimbursement and the shift of procedures to hospital outpatient and ASC sites of care.

Other Agreements

GQ Bio Acquisition

In February 2025, Pacira Therapeutics, Inc., our wholly-owned subsidiary, entered into a securities purchase agreement to acquire the remaining 81% of GQ Bio that we did not already own for $30.6 million, net of working capital adjustments. GQ Bio was a privately-held biopharmaceutical company with a novel, high-capacity, local-delivery platform that makes genetic medicines more efficient and enables the use of large and multiple gene constructs. PCRX-201 is the lead program from this platform. By acquiring GQ Bio, we benefit from further developing PCRX-201, recognize cost savings associated with no longer being obligated to make milestone and royalty payments to GQ Bio, as well as establishing an R&D engine with a dedicated workforce focused on this next-generation of genetic medicine and acquiring a portfolio of preclinical assets utilizing GQ Bio's HCAd gene therapy vector platform and assets with disease-modifying potential in prevalent musculoskeletal diseases. For more information, see Note 4, *GQ Bio Therapeutics Acquisition*, to our consolidated financial statements included herein.

Flexion Acquisition

On November 19, 2021, we completed the Flexion Acquisition pursuant to an Agreement and Plan of Merger (the "Flexion Merger Agreement"), dated as of October 11, 2021, by and among us, Oyster Acquisition Company Inc., a Delaware corporation and wholly owned subsidiary of Pacira ("Purchaser"), and Flexion. Following the completion of a successful tender offer for the shares of Flexion's common stock, Purchaser merged with and into Flexion with Flexion surviving as a wholly owned subsidiary of Pacira. We changed the name of Flexion to Pacira Therapeutics, Inc. after completing the merger. As part of the Flexion Acquisition, we acquired ZILRETTA, the first and only extended-release, IA (meaning in the joint) injection indicated for the management of OA knee pain. ZILRETTA is a non-opioid therapy that employs a proprietary microsphere technology to provide pain relief. The addition of ZILRETTA to our innovative non-opioid product portfolio directly aligned with our mission to deliver innovative, non-opioid pain therapies to transform the lives of patients.

Initially, the total consideration for the Flexion Acquisition was approximately $578.8 million consisting of: (i) $448.5 million of cash paid to Flexion shareholders and to settle restricted stock units and certain stock options; (ii) an $85.1 million cash payment of Flexion debt not assumed by Pacira and (iii) $45.2 million of estimated fair value of contingent consideration related to contingent value rights that were issued to Flexion shareholders and certain equity award holders in conjunction with the Flexion Acquisition. We funded the cash portion of the purchase price with cash on hand, and the consideration is subject to adjustments based on the estimated fair value of the potential milestone payments. As of December 31, 2025, these contingent value rights could aggregate up to a total of $372.3 million if certain regulatory and commercial milestones are met. For more information, see Note 12, *Financial Instruments*, to our consolidated financial statements included herein.

Research Development Foundation

Pursuant to an agreement with the Research Development Foundation, or RDF, we were required to pay RDF a low single-digit royalty on the collection of revenues from certain products for as long as certain patents assigned to us under the agreement remain valid. RDF has the right to terminate the agreement for an uncured material breach by us, in connection with our bankruptcy or insolvency or if we directly or indirectly oppose or dispute the validity of the assigned patent rights.

Our U.S. Patent No. 11,033,495 issued on June 15, 2021. Thereafter, RDF asserted that the issuance of that patent extends our royalty obligations under the agreement until 2041. We disagreed and explained that the royalty period under the agreement ended on December 24, 2021 with the expiration of our U.S. Patent No. 9,585,838. Because of the disagreement over the interpretation of this agreement, in December 2021, we filed a declaratory judgment lawsuit in the U.S. District Court for the District of Nevada (21-cv-02241). The lawsuit seeks a declaration from the court that we owe no royalties to RDF with respect to our EXPAREL product after December 24, 2021.

In August 2023, the U.S. District Court, District of Nevada, granted our motion for partial summary judgment in respect to our claim for a declaration that we no longer owe royalties for EXPAREL made under the 45-liter manufacturing process as of December 24, 2021. As a result, we expect to receive $14.5 million from RDF, representing the royalties that we paid to RDF under protest after December 24, 2021 for EXPAREL made from the 45-liter manufacturing process. In November 2023, the U.S. District Court, District of Nevada conducted a mediation that did not result in a settlement.

In June 2025, the U.S. District Court for the District of Nevada issued judgment in our favor declaring that RDF was required to repay us $23.1 million in royalties on EXPAREL sales that were previously paid under protest. The Nevada Court also awarded us an additional interest payment of $5.2 million in statutory interest on the royalties paid under protest. In May and September 2025, RDF filed two notices of appeal. A consolidated appeal is pending.

For more information, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

Paragraph IV Certification Litigation Settlement

In October 2021, December 2021, April 2023 and May 2024, we received Notice Letters advising that eVenus Pharmaceutical Laboratories, Inc., or eVenus, of Princeton, New Jersey, submitted to the FDA an Abbreviated New Drug Application, or ANDA, with a Paragraph IV certification seeking authorization for the manufacturing and marketing of a generic bupivacaine liposome injectable suspension in the U.S. prior to the expiration of certain of our U.S. patents.

In April 2025, we, along with our operating subsidiary, Pacira Pharmaceuticals, Inc., entered into a settlement agreement with eVenus, its parent company (Jiangsu Hengrui Pharmaceuticals, Co. Ltd., or Jiangsu Hengrui) and Fresenius Kabi USA, LLC, or Fresenius, (together, the "eVenus ANDA Filers") with respect to the litigations noted above. Pursuant to the settlement agreement, the eVenus ANDA Filers will be enjoined from marketing a generic bupivacaine liposome injectable suspension before the expiration of the patents-in-suit, except as provided for in the settlement agreement, as described below. In settlement of all outstanding claims in the litigations, we agreed to provide the eVenus ANDA Filers with a license to our patents required to manufacture and sell certain volume-limited amounts of a generic bupivacaine liposome injectable suspension in the U.S. beginning on a confidential date that is sometime in early 2030. While the agreed-upon volume-limited percentages are confidential, they begin at a high single-digit percentage of the total volumes distributed in the U.S. market and increase gradually in each 12-month period following the volume-limited entry date until reaching a percentage in the low thirties in 2033 and increasing modestly in each of the next two 12-month periods before reaching a maximum percentage in the high thirties of the total volumes distributed in the U.S. for the final three years of the agreement. In addition, we have agreed to provide the eVenus ANDA Filers with a license to its patents required to manufacture and sell an unlimited quantity of a generic bupivacaine liposome injectable suspension in the U.S. beginning on a confidential date in 2039. In addition, in recognition of our expected savings with respect to, among other things, the avoidance of fees, costs, time and resources associated with continuing the litigations, we paid the eVenus ANDA Filers $7.0 million.

For more information, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

Aratana Therapeutics

In December 2012, we entered into an Exclusive License, Development and Commercialization Agreement and related Supply Agreement with Aratana Therapeutics, Inc., a wholly owned subsidiary of Elanco Animal Health, Inc., or Aratana. Under the agreements, we granted Aratana an exclusive royalty-bearing license, including the limited right to grant sublicenses, for the development and commercialization of our bupivacaine liposome injectable suspension product for use in animals. In August 2016, the FDA's Center for Veterinary Medicine approved NOCITA® (bupivacaine liposome injectable suspension) as a local post-operative analgesia for cranial cruciate ligament surgery in dogs and in August 2018 expanded the NOCITA label to include its use as a peripheral nerve block to provide regional postoperative analgesia following onychectomy in cats. NOCITA is a registered trademark of Aratana.

Aratana pays us a tiered double-digit royalty on certain net sales made in the U.S., and we are eligible to receive up to $40.0 million upon the achievement of commercial milestones. If the product is approved by foreign regulatory agencies for sale outside of the U.S., Aratana will be required to pay us a tiered double-digit royalty on such net sales. Royalty rates will be reduced under certain circumstances. Either party has the right to terminate the license agreement in connection with certain events and unless terminated earlier pursuant to its terms, the license agreement is effective until July 2033, after which Aratana has the option to extend the agreement for an additional five-year term, subject to certain requirements.

Johnson & Johnson MedTech

In July 2025, we entered into a co-promotion agreement with Johnson & Johnson MedTech, or J&J MedTech, (the "J&J Agreement"), to market and promote the use of ZILRETTA for OA knee pain in the U.S. J&J MedTech's specialized early intervention sales force will extend the reach of ZILRETTA beyond orthopedic practices, into multiple new physician specialties, including sports medicine, osteopathy, pain management and rheumatology.

Under the J&J Agreement, J&J MedTech is the exclusive third-party co-promoter for ZILRETTA in the U.S. The initial term of the J&J Agreement extends through 2031 with an option to extend under mutual agreement.

We will continue to recognize all revenue from sales of ZILRETTA. As compensation for its promotional efforts, for the first 12 months of the J&J Agreement we will pay J&J MedTech a minimum monthly commission. For the remaining term of the agreement, we will pay a tier-based commission with higher commission percentages earned at higher annual ZILRETTA sales levels. J&J MedTech will receive a tiered commission ranging from low single digits to double digits.

For more information, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

AmacaThera

In November 2025, we and AmacaThera entered into an exclusive worldwide license agreement (the "AmacaThera Agreement") for the development and commercialization of PCRX-2002, a long-acting formulation of the non-opioid analgesic ropivacaine for postsurgical pain. Under the terms of the AmacaThera agreement, the Company made an upfront payment of $5.0 million to AmacaThera, recorded as R&D expense during the year ended December 31, 2025, with the potential for future development- and sales-based milestone payments and a tiered royalty on future net product sales. For more information, see Note 19, *Commercial Partners and Other Agreements*, to our consolidated financial statements included herein.

LG Chem

In January 2026, we and LG Chem entered into a partnership agreement designed to expand access to EXPAREL in select Asian–Pacific markets. Under the terms of the partnership, LG Chem has the exclusive rights to commercialize EXPAREL in the region. We received a $2.0 million upfront payment that we will recognize over the license term upon commercialization and will also receive a transfer price and tiered royalties on future commercial sales by LG Chem in its licensed territories. We will manufacture EXPAREL and LG Chem will be responsible for securing regulatory approvals in the licensed territories. LG Chem plans to file for marketing authorizations in South Korea and Thailand in 2026.

Significant Customers

We had three wholesalers each comprising 10 percent or more of our total revenue for the year ended December 31, 2025: McKesson Drug Company, Cardinal Health, Inc. and AmerisourceBergen Health Corporation, which accounted for 31%, 26% and 22% of our total revenues, respectively. These wholesalers process orders for EXPAREL under a drop-ship program. EXPAREL is delivered directly to end-users without the wholesalers ever taking physical possession of the product. There were no other customers of EXPAREL, ZILRETTA or iovera° that accounted for 10 percent or more of our total revenue for the year ended December 31, 2025.

Manufacturing and Research Facilities

Internal Facilities

We manufacture EXPAREL and iovera° handpieces at our facility in San Diego, California. We also have a mixed-use R&D, manufacturing and office facility which sits adjacent to our EXPAREL and iovera° handpiece manufacturing facility, and a warehouse located within five miles of these facilities. We refer to these three buildings as our Science Center Campus, and together they measure approximately 195,000 square feet. Our manufacturing facilities are inspected regularly and approved by the FDA, EMA, MHRA and the Environmental Protection Agency (EPA).

We purchase raw materials and components from third-party suppliers to manufacture EXPAREL, ZILRETTA and iovera°. In most instances, alternative sources of supply are available, although switching to an alternative source would, in some instances, take time and could lead to delays in manufacturing our product candidates. Suppliers may not sell these raw materials to us at the times that we need them or on commercially reasonable terms and we do not have direct control over the availability of these raw materials from our suppliers. In order to manage the risk related to raw material shortages, we strive to keep adequate supplies of key raw materials on hand and qualify additional sources of supply as appropriate.

All manufacturing of products, initial product release and stability testing are conducted by us and our manufacturing partners in accordance with Current Good Manufacturing Practices, or CGMP.

Our 84,000 square-foot EXPAREL manufacturing facility at the Science Center Campus is located on a five-acre site. It was custom built as a pharmaceutical R&D and manufacturing facility. Activities in this facility include the manufacture of EXPAREL bulk product on dedicated production lines and its fill/finish into vials, microbiological and quality control testing, product storage, development of analytical methods and manufacturing of development products. We recently expanded our EXPAREL manufacturing capacity at our Science Center Campus as we expect the future demand for EXPAREL will increase. This enhanced, large-scale manufacturing suite received FDA approval in February 2024.

Our 90,000 square-foot mixed-use R&D, manufacturing and office facility is located adjacent to our EXPAREL manufacturing facility and was completely renovated in 2020 to meet our specifications. We manufacture all of the iovera° handpieces at this facility. This building also houses our Science Center related R&D activities and general and administrative functions, as it includes both laboratories and the building infrastructure necessary to support the formulation, analytical testing, clinical and process development activities for manufacturing additional commercial product indications and new pipeline products. Our pilot plant suite for early-stage clinical product production is located in this building, and there is additional space for future expansion opportunities.

We also occupy a 21,000 square-foot warehouse that serves as the main CGMP warehouse for our Science Center Campus operations, primarily being used for the storage of production materials. It contains ambient as well as cold temperature CGMP warehouse storage and also features a quality control clean room for sampling incoming materials.

Distribution of our pMVL products, including EXPAREL, requires cold-chain distribution, whereby a product must be maintained between specified temperatures. We have validated processes for continuous monitoring of temperature from manufacturing through delivery to the end-users.

Co-Production Facilities

Thermo Fisher Scientific Pharma Services

In April 2014, we entered into a Strategic Co-Production Agreement, Technical Transfer and Service Agreement and Manufacturing and Supply Agreement (the "EXPAREL Manufacturing and Supply Agreement") with Thermo Fisher Scientific Pharma Services, or Thermo Fisher, to collaborate in the manufacture of EXPAREL. Thermo Fisher undertook certain technical transfer activities and construction services to prepare Thermo Fisher's Swindon, U.K. facility for the manufacture of EXPAREL in a dedicated manufacturing suite. We provided Thermo Fisher with the equipment necessary to manufacture EXPAREL and paid fees to Thermo Fisher based on Thermo Fisher's achievement of certain technical transfer and construction milestones. We also reimburse Thermo Fisher for certain nominal expenses and additional services. We are now using a second, larger-scale dedicated manufacturing suite that more than doubled our EXPAREL manufacturing capacity at the Thermo Fisher site. We began commercial production of EXPAREL out of that second dedicated manufacturing suite in August 2021.

The initial term of the EXPAREL Manufacturing and Supply Agreement is 10 years from the date of FDA approval of the first dedicated manufacturing suite, which was received in May 2018. We pay fees to Thermo Fisher for their operation of the manufacturing suite and the amount of EXPAREL produced by Thermo Fisher. We also reimburse Thermo Fisher for purchases made on our behalf, certain nominal expenses and additional services. We may terminate this agreement upon one month's notice if a regulatory authority causes the withdrawal of EXPAREL from the U.S. or any other market that represents 80 percent of our overall sales, or at any time for convenience by providing 18 months' notice. Either party may terminate the EXPAREL Manufacturing and Supply Agreement in the event of the breach or bankruptcy of the other party.

Prior to the Flexion Acquisition, in July 2015, Flexion and Thermo Fisher entered into a Manufacturing and Supply Agreement (the "ZILRETTA Manufacturing and Supply Agreement") and a Technical Transfer and Service Agreement related to the manufacture of ZILRETTA at the same Thermo Fisher site in Swindon, U.K. where our EXPAREL suite is located. Thermo Fisher agreed to undertake certain transfer activities and construction services needed to prepare its facility for the commercial manufacture of ZILRETTA in dedicated manufacturing suites. Flexion provided Thermo Fisher with certain equipment and materials necessary to manufacture ZILRETTA. We make monthly payments to Thermo Fisher for such activities and reimburse Thermo Fisher for certain material, equipment and miscellaneous expenses and additional services.

The initial term of the ZILRETTA Manufacturing and Supply Agreement that we assumed as part of the Flexion Acquisition expires in October 2027. We pay a monthly base fee to Thermo Fisher for the operation of the manufacturing suites and a per product fee for each vial of ZILRETTA based upon a forecast of commercial demand. We also reimburse Thermo Fisher for purchases of materials and equipment made on our behalf, certain nominal expenses and additional services. The ZILRETTA Manufacturing and Supply Agreement will remain in full effect unless and until it expires or is terminated. We may terminate this agreement upon one month's notice if a regulatory authority causes the withdrawal of ZILRETTA from the U.S. or any other market that represents 80 percent of our overall sales, or at any time for convenience by providing 24 months' notice. Either party may terminate the ZILRETTA Manufacturing and Supply Agreement in the event of the breach or bankruptcy of the other party. Upon termination of the ZILRETTA Manufacturing Agreement (other than termination by us in the event that Thermo Fisher does not meet the manufacturing milestones or for a breach by Thermo Fisher), we will be obligated to pay for the costs incurred by Thermo Fisher associated with the removal of our manufacturing equipment and for Thermo Fisher's termination costs up to a specified capped amount.

Amphenol Corporation

In January 2020, we and a predecessor company to Amphenol Corporation, or Amphenol, entered into a Manufacturing and Supply Agreement (the "Amphenol Agreement") to collaborate in the manufacture of iovera° Smart Tips at Amphenol's Tijuana, Mexico facility. The initial term of the Amphenol Agreement is five years with automatic one-year extensions unless either party provides prior notice in writing. Under the Amphenol Agreement, we pay fees based on the amount of iovera° Smart Tips delivered by Amphenol. Since April 2022, all iovera° Smart Tips have been produced by Amphenol.

The Amphenol Agreement may be terminated by either party upon one year's written notice without cause. We may terminate the Amphenol Agreement upon thirty days' written notice in the event that iovera° is withdrawn from the market or

no longer sold by us. Either party may terminate the Amphenol Agreement in the event of the breach or bankruptcy of the other party.

Jubilant Hollisterstier, LLC

In January 2025, we and Jubilant Hollisterstier, LLC, or Jubilant, entered into a Manufacture and Supply Agreement (the "Jubilant Agreement") to collaborate in the manufacture of the diluent for ZILRETTA at Jubilant's Spokane, Washington facility. The initial term of the Jubilant Agreement is three years with extensions available under the mutual consent of both parties. Under the Jubilant Agreement, we pay a fixed cost per vial of ZILRETTA diluent delivered by Jubilant. Either party may terminate the Jubilant Agreement in the event of the breach or bankruptcy of the other party.

Intellectual Property and Exclusivity

We seek to protect our products, our product candidates and our technologies through a combination of patents, trade secrets, proprietary know-how, regulatory exclusivity and contractual restrictions on disclosure. We note that the patents and applications described below are only examples intended to highlight the variety of coverage provided by our existing and constantly developing portfolio.

Patents and Patent Applications

We seek to protect the proprietary position of our products and product candidates by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development of our business. As of December 31, 2025, there are over 15 families of patents and patent applications relating to various aspects of the pMVL drug delivery technology and 29 families of patents and patent applications relating to various aspects of the technology used by iovera°. There are two families of patents and patent applications relating to various aspects of the technology used by ZILRETTA. Patents have been issued in numerous countries, with an emphasis on the North American, European and Japanese markets. These utility patents generally have a term of 20 years from the date of the non-provisional filing unless claiming priority to an earlier filed non-provisional application. Our issued patents expire at various dates in the future, as discussed below, with the last currently issued patent for the pMVL drug delivery technology expiring in 2044, the last currently issued patent for ZILRETTA expiring in 2031 and the last currently issued utility patent for the iovera° technology expiring in 2040. Additionally, since our February 2025 acquisition of GQ Bio, we have filed multiple provisional patents in the U.S. for our gene therapy product candidates.

Patents and Patent Applications for our pMVL and pMVL Products

In June 2021, the United States Patent and Trademark Office, or USPTO, issued U.S. Patent No. 11,033,495 related to EXPAREL. The patent, "*Manufacturing of Bupivacaine Multivesicular Liposomes*," claims composition of EXPAREL prepared by an improved manufacturing process developed in Swindon, U.K. In November 2021, the USPTO issued U.S. Patent Nos. 11,185,506 and 11,179,336, claiming the improved U.K. EXPAREL manufacturing process and EXPAREL composition, respectively. Eight U.S. patents relating to product and product-by-process in connection with the improved U.K. manufacturing process for EXPAREL were issued between March 2022 and November 2023, providing additional patent protection through 2041. In March 2022, the USPTO issued U.S. Patent No. 11,278,494, claiming EXPAREL composition. In April 2022, the USPTO issued U.S. Patent Nos. 11,304,904 and 11,311,486, claiming composition of EXPAREL prepared by an improved manufacturing process and EXPAREL composition, respectively. In June 2022, the USPTO issued U.S. Patent No. 11,357,727, claiming composition of EXPAREL prepared by the improved U.K. manufacturing process. In August 2022, the USPTO issued U.S. Patent No. 11,426,348, claiming EXPAREL batch compositions. In September 2022, the USPTO issued U.S. Patent No. 11,452,691, claiming EXPAREL batch compositions. In November 2023, the USPTO issued U.S. Patent Nos. 11,819,574 and 11,819,575, claiming batch compositions of EXPAREL prepared by the improved U.K. manufacturing process and compositions of EXPAREL, respectively. In March 2024, the USPTO issued U.S. Patent No. 11,925,706, claiming composition of EXPAREL. In November 2024, the USPTO issued U.S. Patent Nos. 12,144,890 and 12,151,024, claiming composition of EXPAREL prepared by the improved U.K. manufacturing process, and both composition of EXPAREL and composition of EXPAREL prepared by the improved U.K. manufacturing process, respectively. In December 2024, the USPTO issued U.S. Patent No. 12,178,909, claiming the improved EXPAREL U.K. manufacturing process. In May 2025, the USPTO issued U.S. Patent No. 12,296,047, claiming composition of EXPAREL prepared by the improved U.K. manufacturing process.

All 16 patents issued between 2021 and 20254 have an expiration date of January 22, 2041. U.S. Patent Nos. 11,033,495, 11,179,336, 11,278,494, 11,304,904, 11,311,486, 11,357,727, 11,426,348, 11,452,691, 11,819,574, 11,819,575, 11,925,706, 12,144,890, 12,151,024 and 12,296,047 are currently listed in the FDA's "*Approved Drug Products with Therapeutic Equivalence Evaluations*" (the "Orange Book").

In October 2021, we received a Notice Letter advising that eVenus submitted to the FDA an ANDA with a Paragraph IV certification seeking authorization for the manufacturing and marketing of a generic version of EXPAREL (266 mg/20 mL) in the U.S. prior to the expiration of U.S. Patent No. 11,033,495. In August 2024, the U.S. District Court for the District of New Jersey issued its ruling in our patent infringement suit against eVenus and its parent company (Jiangsu Hengrui) for

infringement of EXPAREL U.S. Patent No. 11,033,495. The ruling found that this patent is not valid on the grounds of obviousness and anticipation. A notice of appeal was filed in September 2024 and remains pending. For information on this matter, as well as other subsequent patent litigation lawsuits against eVenus, Jiangsu Hengrui and Fresenius, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

In October 2025, we received two separate Paragraph IV Certifications from two Chinese generic drug manufacturers (The WhiteOak Group, Inc., or WhiteOak, of Rockville, Maryland (a subsidiary of Zhejiang Haichang Biotechnology Co., Ltd.) and Qilu Pharmaceutical (Hainan) Co., Ltd., or Qilu), each advising that they had submitted an ANDA to the FDA seeking authorization from the FDA to manufacture, use or sell a generic version of EXPAREL in the U.S. Each letter alleged that EXPAREL patents listed in the Orange Book are not valid, not enforceable, and/or will not be infringed by the commercial manufacture, use or sale of the proposed products described in these ANDA submissions.

In November 2025, we filed a patent infringement suit against WhiteOak and Qilu in the U.S. District Court of the District of Delaware (25-cv-1445) asserting infringement of U.S. Patent No. 11,033,495 (the ‘495 patent), U.S. Patent Nos. 11,819,574 (the ‘574 patent) U.S. Patent No. 12,144,890 (the ‘890 patent), U.S. Patent No. 12,151,024 (the ‘024 Patent), U.S. Patent No. 12,156,940 (the ‘940 patent), U.S. Patent No. 12,251,468 (the ‘468 Patent), U.S. Patent No. 12,296,047 (the ’047 Patent), U.S. Patent No. 12,318,483 (the ‘483 Patent), and U.S. Patent No. 12,370,142 (the ‘142 Patent). On January 23, 2026 and February 5, 2026, Qilu and WhiteOak, respectively, each answered the complaint and asserted affirmative defenses and counterclaims asserting, inter alia, invalidity, unenforceability and non-infringement. We intend to vigorously defend our intellectual property rights relating to EXPAREL and are unable to predict the outcome of this litigation at this time.

In December 2024, the USPTO also issued U.S. Patent No. 12,156,940 from a new family of patents related to EXPAREL produced by the Company’s enhanced, large-scale manufacturing process in San Diego, California, which received approval from the FDA in February 2024. The ’940 patent, entitled “*Manufacturing of Bupivacaine Multivesicular Liposomes*”, claims batch compositions of EXPAREL prepared the enhanced U.S. large-scale manufacturing process. In March 2025, the USPTO issued U.S. Patent Nos. 12,246,092, 12,251,468 and 12,251,472, claiming the enhanced U.S. large-scale manufacturing process, batch compositions of EXPAREL, and the enhanced U.S. large-scale manufacturing process respectively. Between April and July 2025, the USPTO also issued U.S. Patent Nos. 12,280,149, 12,318,483 and 12,370,142, claiming the enhanced U.S. large-scale manufacturing process, use of batch composition of EXPAREL for treating pain, and batch compositions of EXPAREL prepared by the enhanced U.S. large-scale manufacturing process respectively. All seven patents issued between 2024 and 2025 have an expiration date of July 2, 2044. U.S. Patent Nos. 12,156,940, 12,251,468, 12,318,483 and 12,370,142 are currently listed in the FDA’s Orange Book. In May 2025, we also filed a Patent Cooperation Treaty, or PCT, application based on the enhance U.S. large-scale manufacturing process, and has entered the national phase in Argentina, Australia, Brazil, Canada, Europe, Hong Kong, Japan, South Korea, Mexico and Saudi Arabia, which, if granted, are expected to provide protection until 2045.

Furthermore, the USPTO issued U.S. Patent Nos. 11,918,565 and 11,931,459 in March 2024, relating to use of EXPAREL as a sciatic nerve block and the pediatric use of EXPAREL, respectively. U.S. Patent Nos. 11,918,565 and 11,931,459 have an expiration date of February 2, 2043 and March 17, 2042, respectively. The USPTO also issued U.S. Patent No. 12,226,610 in February 2025, relating to use of EXPAREL as an adductor canal block, with an expiration date of February 2, 2043. All three patents are currently listed in the FDA’s Orange Book.

We also own a family of U.S. and foreign patents on an alternative process to manufacture EXPAREL and other pMVL-based products. The process offers many advantages, including larger scale production and lower manufacturing costs. There are eight issued U.S. patents. Patents that claim the process and apparatus will expire at the latest in November 2033. One of the patents claims a product made by the process and expires in April 2031. As of December 31, 2025, we have four granted patents in China, one granted patent in Europe, one granted patent in Japan and one granted patent in Israel, protecting various aspects of the alternative process, including the methods of using the apparatus and the apparatus itself.

In October 2022, we filed a U.S. application and a PCT application relating to compositions of matter, processes of making and methods of treatment in connection with dexamethasone sodium phosphate-pMVL product. U.S. Patent No. 12,285,435 was issued in April 2025 with an expiration date in October 2042. In addition, a U.S. application and a PCT application were filed relating to compositions of matter, processes of making and methods of treatment in connection with a high-potency bupivacaine-pMVL product. U.S. Patent No. 12,285,419 was issued in April 2025 with an expiration date in October 2042. In 2023, we filed several U.S. nonprovisional applications and PCT applications relating to the use of EXPAREL as a stellate ganglion block for managing cardiac arrhythmia and anxiety disorders, including electrical storm and post-traumatic stress disorder. U.S. Patent No. 12,433,878 was issued in October 2025 with an expiration date in February 2043. In 2024, we filed a U.S. nonprovisional application relating to the use of EXPAREL as a stellate ganglion block for treating disorders associated with the sympathetic nervous system.

Patents and Patent Applications for ZILRETTA

A composition of matter patent has been issued by the USPTO for ZILRETTA, with a patent term into 2031. The USPTO has also issued two patents directed at the methods of manufacturing and using ZILRETTA with patent terms into 2031. Considerable expertise and effort were required to carry out the large body of original work underlying the formulation of ZILRETTA, including experimenting with, and observing the effects of over 50 steroid and poly lactic-co-glycolic acid, or PLGA, formulations. We believe our extensive know-how and trade secrets relating to the manufacturing process for ZILRETTA, including those that relate to precise pharmaceutical release profiles, represent a meaningful entry barrier.

We own three U.S. ZILRETTA patents as well as counterpart foreign patents and patent applications covering composition of matter, methods of manufacture, and methods of use. Our U.S. ZILRETTA patents have expiration dates in 2031. The ZILRETTA composition of matter invention is the result of several unique discoveries relating to a narrow drug load specification, a certain release profile of the copolymer, specific polymer component weights and ratios, and clinical efficacy observed within a dose-range. The U.S. patents directed to ZILRETTA's composition of matter and methods of use are listed in the FDA Orange Book. We also have two U.S. patents directed at compositions of matter similar to ZILRETTA, as well as methods of making and using the same, with patent terms into 2031.

In 2022, we had one patent granted in Pakistan, further expanding our global intellectual property portfolio, which includes patents in the U.S., Australia, Canada, China, Europe, Hong Kong, Indonesia, India, Israel, Japan, Malaysia, Mexico, New Zealand, Pakistan, the Philippines, the Russian Federation, Saudi Arabia, Singapore, South Africa, South Korea, Taiwan and Ukraine. These foreign patents cover the composition of matter, methods of manufacturing, and methods of using ZILRETTA and are similar in scope to the protection in the U.S. described above.

In February 2024, we filed a PCT application relating to use ZILRETTA to treat OA pain in subpopulations of diabetic patients, which has entered the national phase in the U.S., Australia, Canada, Europe, Japan, South Korea and Mexico, which, if granted, are expected to provide protection until 2044.

We also had in-licensed intellectual property, owned by the Southwest Research Institute, or SwRI, which gave us exclusive rights to SwRI patents covering our proprietary microsphere manufacturing technology used in the production of ZILRETTA. These patents expired in September 2025.

Patents and Patent Applications for iovera°

Issued patents in the U.S. afford us a wide range of coverage of various aspects of the iovera° technology. For example, several of our earliest filed patents cover the structural aspects of a handheld cryogenic device with single needle and needle arrays, tissue-penetrating needle probes that may be detachable, fused silica tubing fluid delivery paths, methods of applying cryotherapy using the cryogenic device and methods for using replaceable needle probes. These patents are set to expire between 2026 and 2032. An important patent family specifically directed to systems and methods of treating pain offers both broad and variable coverage of cryogenic device features and methods of using the same for pain management, including single-use needle probes, particular needle sizes and shapes. Patents in this family are set to start expiring in 2028. Another important patent family has broad disclosure and coverage of a variety of indications for treatment by cryogenic devices, including joint function and stiffness, OA, occipital neuralgia, spasticity, neuroma and other nerve entrapment indications and is set to expire between 2033 and 2037.

Additionally, there are several patents and pending patent applications directed to other important aspects of the iovera° technology. For example, patents covering the probe filtration system are set to expire in 2033 and patents on the Smart Tip technology are set to expire between 2034 and 2037. Other patents and applications cover methods of using needles with blunt tips and aspects of cryogenic devices coupled with a neurostimulator for locating nerves and are set to expire between 2035 and 2038. There are also 11 utility and design patent families covering various features of commercial and developing next-generation technology, which are issued or pending in the North American, Asia, Middle East, New Zealand, Australia, South African and Brazilian markets, which could potentially prevent others from using commercial and/or next-generation cryogenic devices until at least 2046 for utility patents and 2050 for design patents.

In addition, we also filed a U.S. nonprovisional application in 2023 covering the use of iovera° as a stellate ganglion block for managing cardiac arrhythmia, including electrical storm. U.S. Patent No. 12,508,062 issued in December 2025 with an expiration date in March 2044.

Patents and Patent Applications for PCRX-201

In December 2017, Flexion acquired the global rights to PCRX-201 from GQ Bio, including a direct exclusive license of certain foundational patents, patent applications, and other proprietary rights owned by the Baylor College of Medicine, or BCM, that are related to PCRX-201 for human applications. These patents generally cover the composition of matter and method of use of PCRX-201 in the treatment of OA. In 2019, the USPTO issued U.S. Patent No. 10,301,647, which covers the composition of matter and method of use of PCRX-201 in the treatment of OA with a term through January 2033. In addition,

the BCM patents related to PCRX-201 are issued in Europe, with an expiry date in 2032, and in Australia, Canada, China, India, Japan and Eurasia with expiry dates in 2033. We are continuing to prosecute one BCM U.S. patent application related to PCRX-201. Further, we have entered the national phase in Brazil, China, Europe, Hong Kong, Japan and the U.S. based on a PCT application covering composition of matter and effective dosages of PCRX-201 in the treatment of OA in humans, which, if granted, are expected to provide protection until 2040.

We also have a family of patent applications pending in the U.S., Australia, Canada, China, Hong Kong, Europe, Japan and South Korea covering composition of matter and method of use of PCRX-201 for the treatment of degenerative disc disease, or DDD, which, if granted, are expected to provide patent protection until 2042. We also have a family of patent applications pending in the U.S., Australia, Canada, China, Europe, Hong Kong, India, Japan, South Korea, and Mexico covering compositions and method of use of PCRX-201 in combination with a corticosteroid.

In February 2025, as part of the GQ Bio Acquisition, we acquired an exclusive license of certain foundational patents and patent applications, and other proprietary rights owned by BCM related to an HCAd gene therapy vector encoding PRG4 gene for both human and veterinary applications. Issued European patent EP 2948553 B1 generally covers HCAd-PRG4 composition of matter and method of use in treating camptodactyly-arthropathy-coxa vara-pericarditis (CACP) syndrome, a musculoskeletal disorder, or a joint disorder. Issued U.S. Patent No.11,746,359 generally covers composition of matter comprising HCAd-PRG4 and HCAd-IL-1Ra. These patents expire in January 2034.

Patents and Patent Applications for HCAd-Platform and Gene Therapy Product Candidates

Since our February 2025 acquisition of GQ Bio, we have filed multiple patent applications in the U.S. for our gene therapy product candidates and large-scale manufacturing processes.

Additional Intellectual Property

We have entered the national phase in Brazil, China, Europe and the U.S. based on a PCT application covering composition of matter, method of use, and method of manufacture for formulations of an anesthetic drug of amino amide group (lidocaine, bupivacaine and ropivacaine) formulated in a triblock copolymer component (one or more PLGA-polyethylene glycol-PLGA triblock copolymers), which if converted and granted, is expected to provide protection until 2042.

Trade Secrets and Proprietary Information

Trade secrets play an important role in protecting our pMVL-based products (including EXPAREL) and pipeline, ZILRETTA and iovera° and provide protection beyond patents and regulatory exclusivity. The scale-up and commercial manufacture of each of our products involves processes, custom equipment and in-process and release analytical techniques that we believe are unique to us. The expertise and knowledge required to understand the critical aspects of our pMVL manufacturing steps requires knowledge of both traditional and non-traditional emulsion processing and traditional pharmaceutical production, overlaid with all of the challenges presented by aseptic manufacturing. ZILRETTA is also manufactured using custom equipment and proprietary processes with respect to certain of the formulation and manufacturing techniques related to the TA-formulated PLGA microspheres in ZILRETTA, including those that relate to its precise pharmaceutical release profile. The iovera° system relies on custom manufacturing techniques that are able to provide the precision and tight tolerances required for a self-contained handheld cryogenic device. Additionally, the iovera° device includes proprietary software for device operations during cryotherapy treatments.

We seek to protect our proprietary information, including our trade secrets and proprietary know-how, by requiring our employees, consultants and other advisors to execute proprietary information and confidentiality agreements upon the commencement of their employment or engagement. These agreements generally provide that all confidential information developed or made known during the course of the relationship with us be kept confidential and not be disclosed to third parties except in specific circumstances. In the case of our employees, the agreements also typically provide that all inventions resulting from work performed for us, utilizing our property or relating to our business and conceived or completed during employment shall be our exclusive property to the extent permitted by law. Where appropriate, agreements we obtain with our consultants also typically contain similar assignment of invention obligations. Further, we require confidentiality agreements from third parties that receive our confidential data or materials.

Competition

The pharmaceutical industry is intensely competitive and subject to rapid and significant technological change. Our competitors include organizations such as major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical companies and generic drug companies. Many of our competitors have greater financial and other resources than we have, such as more commercial resources, larger R&D staffs and more extensive marketing and manufacturing organizations. As a result, these companies may obtain marketing approval more rapidly than we are able and may be more effective in developing, selling and marketing their products. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies.

EXPAREL

Our competitors may succeed in developing, acquiring or licensing on an exclusive basis technologies and drug products that are more effective or less costly than EXPAREL or any other products that we are currently selling through partners or developing or that we may develop, which could render our products obsolete and noncompetitive. We expect any products that we develop and commercialize to compete on the basis of, among other things, efficacy, safety, convenience of administration and delivery, price and the availability of reimbursement from government and other third-party payers.

EXPAREL competes with well-established products with similar indications. Competing products available for postsurgical pain management include opioids such as morphine, fentanyl, meperidine and hydromorphone, each of which is available generically from several manufacturers, and several of which are available as proprietary products using novel delivery systems. Ketorolac, an NSAID, is also available generically in the U.S. from several manufacturers, and Caldolor (ibuprofen for injection), an NSAID, has been approved by the FDA for pain management and fever in adults. EXPAREL also competes with currently marketed non-opioid products such as bupivacaine, marcaine, ropivacaine and other anesthetics/analgesics, all of which are also used in the treatment of postsurgical pain and are available as either oral tablets, injectable dosage forms or administered using novel delivery systems. Additional products may be developed for the treatment of acute pain, including new injectable NSAIDs, oral $Na_V1.8$ pain signal inhibitors, novel opioids, new formulations of currently available opioids and NSAIDs, long-acting local anesthetics and new chemical entities as well as alternative delivery forms of various opioids and NSAIDs. Currently EXPAREL also competes with elastomeric pumps and catheter devices intended to provide bupivacaine over several days and with off-label combinations of other approved analgesics, called “cocktails,” that are combined by compound pharmacies in an attempt to extend the duration of pain control.

ZILRETTA

Immediate-release steroids and hyaluronic acid, or HA, injections are currently the two marketed classes of IA products that compete directly with ZILRETTA. Also available are stem cell and platelet rich plasma, or PRP, injections, but these require on-site preparation from tissue or blood taken from the patient and have generated questionable efficacy in controlled clinical trials. Because these are minimally manipulated autologous therapies, they do not require and have not received FDA review or approval. For that reason, they are generally not reimbursed by payers, and patients must pay out of pocket to receive these therapies. Furthermore, the American Association of Hip & Knee Surgeons (AAHKS) issued a position statement indicating that it cannot recommend biologic therapies, including stem cell and PRP injections, for the treatment of advanced hip or knee arthritis.

iovera°

The medical device industry is intensely competitive and subject to rapid and significant technological change. The cryotherapy pain management field in particular is a growing industry due to increased attention on opioid usage for pain, which has created a rapidly emerging market and has fueled an increased interest in opioid alternatives. Many of our competitors in our space have greater financial and other resources than we have, such as more commercial resources, larger R&D staffs and more extensive marketing and manufacturing organizations. As a result, these companies may obtain marketing approval more rapidly than we are able and may be more effective in developing, selling and marketing their products. The rise of various small and early-stage companies in the cryotherapy pain management field may also prove to be significant competitors, particularly if they enter into collaborative arrangements with large, established companies.

Our competitors are continuously engaged in trials and attempts to develop new products or approaches in hopes of capturing the pain management market. They may succeed in developing, acquiring or licensing on an exclusive basis, technologies that are more effective or less costly than the iovera° system, which could render the iovera° system obsolete and noncompetitive. As a result, it is critical that we continue to innovate and to increase marketing efforts in our primary markets. We expect any products that we develop and commercialize to compete on the basis of, among other things, efficacy, safety, convenience of administration and delivery, price and the availability of reimbursement from government and other third-party payers.

Besides pharmaceutical products for pain management, iovera° competes with medical devices that ablate or degenerate peripheral nerves to treat indications such as joint pain, neuralgia and OA pain. Competing products include cryotherapy devices as well as other devices such as cooled radio-frequency ablation devices that block or degenerate peripheral nerves involved in conducting pain signals. Avanos Medical, Inc. markets these medical devices in the U.S. Additional non-opioid products or entirely different approaches may also be developed for pain management by one or more of our competitors.

Government Regulation

In the U.S., prescription drug and medical device products are subject to extensive pre- and post-market regulation by the FDA, including regulations that govern the research, development, testing, manufacturing, distribution, safety, efficacy, approval, labeling, storage, record keeping, reporting, advertising and promotion of such products under the Federal Food, Drug and Cosmetic Act, or FDCA, and its implementing regulations. Outside the U.S., prescription drug and medical device products

are regulated by comparable agencies (including the EMA and MHRA in the E.U. and U.K., respectively, as well as authorities in Canada and Latin America), laws and regulations. Failure to comply with applicable regulatory requirements may result in, among other things, refusal to approve pending applications, withdrawal of an approval, warning letters, clinical holds, civil or criminal penalties, recall or seizure of products, injunction, debarment, partial or total suspension of production or withdrawal of the product from the market. Any agency or judicial enforcement action could have a material adverse effect on us.

Regulatory Environment

Pharmaceuticals

In the U.S., generally the FDA must approve any new drug, including a new use of a previously approved drug, before marketing of the drug occurs in the U.S. This process generally involves:

- completion of preclinical laboratory and animal testing and formulation studies in compliance with the FDA's Good Laboratory Practice regulations;
- submission to the FDA of an investigational new drug, or IND, application for human clinical testing, which must become effective before human clinical trials may begin for unapproved use in the U.S.;
- approval by an independent Institutional Review Board, or IRB, at each clinical trial site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with the FDA's Good Clinical Practices, or GCP, to establish the safety and efficacy of the proposed drug product for each intended use;
- completion of process validation, quality product release and stability;
- submission of a New Drug Application, or NDA, to the FDA;
- satisfactory completion of an FDA pre-approval inspection of the product's manufacturing facility or facilities to assess compliance with CGMP requirements and to ensure that the facilities, methods and controls are adequate to preserve the drug's identity, quality and purity;
- satisfactory completion of an FDA advisory committee review, if applicable; and
- review and approval by the FDA of the NDA.

The preclinical and clinical testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that the FDA will grant approvals for any of our product candidates on a timely basis, if at all. Preclinical tests include laboratory evaluation of product chemistry, formulation and stability, as well as studies to evaluate toxicity in animals. The results of preclinical tests, together with manufacturing information, analytical data and a proposed clinical trial protocol and other information, are submitted as part of an IND application to the FDA. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA places the trial on a clinical hold because of, among other things, concerns about the conduct of the clinical trial or about exposure of human research subjects to unreasonable health risks. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. Thus, submission of an IND does not by itself automatically result in FDA authorization to commence a clinical trial. In addition, the FDA requires us to amend an existing IND for each successive clinical trial conducted during product development. Further, an IRB covering each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial along with informed consent information for subjects before the clinical trial commences at that center. The IRB also must monitor the clinical trial until it is completed. The FDA, the IRB or the sponsor may suspend a clinical trial at any time, on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. We may also suspend or terminate a clinical trial based on evolving business objectives and/or the competitive climate.

Clinical trials involve the administration of the product candidate to healthy volunteers or patients having the disease being studied under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Sponsors of clinical trials generally must register at the National Institutes of Health-maintained website (www.clinicaltrials.gov) and report key findings and parameters. For purposes of an NDA submission and approval, typically, the conduct of human clinical trials occurs in the following three pre-market sequential phases, which may overlap or be combined:

- *Phase 1:* Sponsors initially conduct clinical trials in a limited population, either patients or healthy volunteers, to test the product candidate for safety, dose tolerance, absorption, metabolism, distribution, excretion and clinical pharmacology, and, if possible, to gain early evidence of effectiveness. In the cases of some products for severe or life-threatening diseases, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing often is conducted only on patients having the specific disease.

- *Phase 2:* Sponsors conduct clinical trials generally in a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications and to determine dose tolerance, optimal dosage and dosing schedule. Sponsors may conduct multiple Phase 2 clinical trials to obtain information prior to beginning larger and more extensive Phase 3 clinical trials.
- *Phase 3:* These include expanded controlled and uncontrolled trials, including pivotal clinical trials. When Phase 2 evaluations suggest the effectiveness of a dose range of the product and acceptability of such product's safety profile, sponsors undertake Phase 3 clinical trials in larger patient populations to obtain additional information needed to evaluate the overall benefit and risk balance of the drug and to provide an adequate basis to develop labeling.

Some clinical trials may be overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial. The process of completing clinical testing and obtaining FDA approval for a new drug is likely to take a number of years and requires the expenditure of substantial resources. If an application is submitted, there can be no assurance that the FDA will review and approve the NDA. In addition, sponsors may elect to conduct, or be required by the FDA to, conduct post-approval clinical trials to further assess the drug's safety or effectiveness after NDA approval, generate new data and best-practice administration techniques. Studies in an indication after approval are typically referred to as Phase 4 clinical trials.

The requirements for drug approval and the clinical trials that approvals are based on are similar in other countries, however each regulatory agency will have differing policies, procedures and processes that we must comply with in each market we wish to sell our products in. There also can be no assurance that approval or utilization of our products will be identical in different jurisdictions.

Medical Devices

In the U.S., the Medical Device Amendments of 1976 to the FDCA and its subsequent amendments regulate the design, manufacture and marketing of medical devices. Medical devices that require notification submitted as a 510(k) clearance request must be reviewed and cleared by the FDA before we can begin marketing them. To request 510(k) clearance, we must be able to demonstrate that the medical device is substantially equivalent to a previously cleared and legally marketed 510(k) medical device. Medical devices require extensive clinical testing which consists of safety and efficacy studies, followed by pre-market approval, or PMA, applications for specific surgical indications. The FDA's Quality System Regulations, or QSRs, set forth standards for our product design and manufacturing processes, require the maintenance of certain records and provide for inspections of our facilities by the FDA. There are also certain requirements of state, local and foreign governments that must be complied with in the manufacture and marketing of our products. A new indication for 510(k) clearance may or may not require a clinical trial. Expanding the iovera° label to include the treatment of spasticity requires a clinical trial. We currently have a pivotal trial underway to demonstrate the efficacy and safety of iovera° for treating spasticity, which is expected to be completed in 2026.

Review and Approval Process

Pharmaceuticals

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, sponsors submit the results of product development, preclinical studies and clinical trials to the FDA as part of an NDA requesting approval to market the product for one or more indications. NDAs must also contain extensive information relating to the product's pharmacology, chemistry, manufacture, controls and proposed labeling, among other things. In addition, 505(b)(2) applications must contain a patent certification for each patent listed in the FDA's Orange Book that covers the drug referenced in the application and upon which the third-party studies were conducted. For some drugs, regulatory agencies may require Risk Evaluation and Mitigation Strategies, or REMS, which could include medication guides, physician communication plans or restrictions on distribution and use, such as limitations on who may prescribe the drug or where it may be dispensed or administered. Currently, the FDA does not require a REMS for EXPAREL but the EMA and MHRA do.

If the FDA accepts a submission for substantive review, the FDA typically reviews the NDA in accordance with established timeframes. Under the Prescription Drug User Fee Act, or PDUFA, the FDA establishes goals for NDA review time through a two-tiered classification system: Priority Review and Standard Review. A Priority Review designation is given to drugs that address an unmet medical need by offering major advances in treatment or providing a treatment where no adequate therapy currently exists. Standard Review applies to all applications that are not eligible for Priority Review. The FDA aims to complete Standard Reviews of NDAs within 12 months of submission (ten months after the Day 60 filing date) and Priority Reviews within eight months of submission (six months after the Day 60 filing date). For an sNDA, the FDA aims to complete its Standard Review within 10 months of submission and Priority Reviews within six months of submission. Review processes may sometimes extend beyond these target completion dates due to FDA requests for additional information or clarification,

difficulties scheduling an advisory committee meeting, negotiations regarding REMS or FDA workload issues, but in general under PDUFA the FDA is supposed to complete its reviews within the target timeframes despite these factors. The FDA may refer the application to an advisory committee for review, evaluation and recommendation as to the application's approval. The recommendations of an advisory committee do not bind the FDA, but the FDA generally follows such recommendations.

Under PDUFA, NDA applicants must pay significant NDA user fees upon submission. In addition, manufacturers of approved prescription drug products must pay annual program fees, as we do for EXPAREL and ZILRETTA.

Before approving an NDA, the FDA will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with CGMP requirements and are adequate to ensure consistent production of the product within required specifications. Additionally, the FDA will typically inspect one or more clinical sites to ensure compliance with GCP before approving an NDA.

After the FDA evaluates the NDA and the manufacturing facilities, it may issue an approval letter or a Complete Response Letter, or CRL, to indicate that the review cycle for an application is complete and that the application is not ready for approval. CRLs generally outline the deficiencies in the submission and may require substantial additional testing or information in order for the FDA to reconsider the application. Even if such additional information is submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. Data from clinical trials are not always conclusive and the FDA may interpret data differently than we do. If the FDA requires a REMS plan, it could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may approve an NDA contingent on, among other things, changes to proposed labeling, a commitment to conduct one or more post-market studies or clinical trials and the correction of identified manufacturing deficiencies, including the development of adequate controls and specifications. If and when the deficiencies have been addressed to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

Outside the U.S., although timelines vary as do specific regulatory procedures, the same general principals hold, including the potential for a REMS plan which could entail other requirements, including but not limited to patient registries and risk minimization tools.

Medical Devices

In the U.S., authorization to bring a medical device to market is generally obtained in one of two ways. The first pathway, a pre-market notification (the 510(k) process), requires demonstration that the new device is substantially equivalent to an already legally marketed medical device. The second pathway, a PMA, requires an independent demonstration that a medical device is safe and effective for its intended use. In general, PMAs require a much longer time horizon and can be much more expensive than obtaining clearance through the 510(k) process. A PMA must be submitted to the FDA if it is determined that the device is not eligible for the 510(k) clearance process. A PMA must be supported by extensive data including, but not limited to, technical, preclinical and clinical trials, manufacturing and labeling to demonstrate reasonable evidence of the device's safety and efficacy to the FDA's satisfaction.

To obtain 510(k) clearance, we must file with the FDA a pre-market notification demonstrating that our proposed device is substantially equivalent to a previously cleared and legally marketed 510(k) device or a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of a PMA. 510(k) clearance for a predecessor device to iovera° was first obtained in March 2009 when the focus of MyoScience was cosmetic applications (i.e., facial wrinkle reduction). MyoScience's focus shifted to pain management in 2014, and since then there have been a number of advancements that led to three additional 510(k) submissions and clearances to support iovera° and the subsequent growth of the iovera° product line.

After a device receives 510(k) clearance or a PMA approval, it may be changed or modified. Any modification that could significantly affect its safety or effectiveness, or that would constitute a significant change in its intended use, will require a new clearance or approval. Regulations provide that the manufacturer initially determines when a specific modification requires notification to FDA. The FDA has issued draft guidance that, if finalized and implemented, will result in manufacturers needing to seek a significant number of new clearances for changes made to legally marketed devices. The FDA reviews the manufacturer's decision to file a 510(k) or PMA for modifications during facility audits.

Section 505(b)(2) New Drug Applications

For pharmaceutical products, as an alternate path to FDA approval, particularly for modifications to drug products previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. Section 505(b)(2) was enacted as part of the Drug Price Competition and Patent Term Restoration Act of 1984 (also known as the Hatch-Waxman Act), and permits the submission of an NDA where at least some of the information required for approval comes from preclinical and/or clinical trials not conducted by or for the applicant. The FDA interprets Section 505(b)(2) of the FDCA to

permit the applicant to rely upon the FDA's previous findings of safety and effectiveness for an approved product. The FDA may also require companies to perform additional clinical trials or measurements to support any change from the previously approved product. The FDA may then approve the new product candidate for all or some of the label indications for which the referenced product has been approved, as well as for any new indication sought by the Section 505(b)(2) applicant.

Applications under Section 505(b)(2) are subject to any non-patent exclusivity period applicable to the referenced product, which may delay approval of the 505(b)(2) application even if the FDA has completed its substantive review and determined the drug should be approved. In addition, 505(b)(2) applications must include patent certifications to any patents listed in the FDA's Orange Book as covering the referenced product. If the 505(b)(2) applicant seeks to obtain approval before the expiration of an applicable listed patent, the 505(b)(2) applicant must provide notice to the patent owner and NDA holder of the referenced product. If the patent owner or NDA holder brings a patent infringement lawsuit within 45 days of such notice, the 505(b)(2) application cannot be approved for 30 months or until the 505(b)(2) applicant prevails, whichever is sooner. If the 505(b)(2) applicant loses the patent infringement suit, the FDA may not approve the 505(b)(2) application until the patent expires, plus any period of pediatric exclusivity.

In any future NDA submissions for our product candidates, we intend to follow the development and approval pathway permitted under the FDCA that we believe will maximize the commercial opportunities for these product candidates.

Post-Approval Requirements

Pharmaceuticals

After approval, the NDA sponsor must comply with comprehensive requirements governing, among other things, drug listing, recordkeeping, manufacturing, marketing activities, product sampling, distribution and annual reporting. Additionally, adverse events must be reported to the FDA in a timely fashion, and pharmacovigilance programs to proactively look for adverse events are mandated by the FDA. An adverse event is any undesirable experience associated with the use of a medical product in a patient. A serious adverse event is an adverse event that results in death, is life-threatening or results in hospitalization or disability, among other things. If the events suggest a new safety signal for the drug in question, that could lead to the need for additional safety statements in the labeling of the product or additional REMS. Additionally, adverse events found in other drugs could also mean that we have to abide by additional safety measures and include warnings in our labeling. Similar reporting and pharmacovigilance obligations exist with regulatory agencies outside the U.S.

If new safety issues are identified following approval, the FDA can require the NDA sponsor to revise the approved labeling to reflect the new safety information; conduct post-market studies or clinical trials to assess the new safety information and implement a REMS program to mitigate newly identified risks. The FDA may also require post-approval testing, including Phase 4 trials, and surveillance programs to monitor the effect of approved products which have been commercialized, and the FDA has the authority to prevent or limit further marketing of a product based on the results of these post-marketing programs. Drugs may be marketed only for approved indications and in accordance with the provisions of the FDA-approved label. Further, if we modify a drug, including any changes in indications, labeling or manufacturing processes or facilities, the FDA may require us to submit and obtain FDA approval of a new or supplemental NDA, which may require us to develop additional data or conduct additional preclinical studies and clinical trials.

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state agencies and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with CGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from CGMP and impose reporting and documentation requirements upon us and any third-party manufacturers that we may decide to use.

If after approval the FDA determines that the product does not meet applicable regulatory requirements or poses unacceptable safety risks, the FDA may take other regulatory actions, including initiating suspension or withdrawal of the NDA approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. These regulations include standards and restrictions for direct-to-consumer advertising, industry-sponsored scientific and educational activities, promotional activities involving the internet and off-label promotion. While physicians may prescribe for off-label uses, manufacturers may only promote for the approved indications and in accordance with the provisions of the approved label. The FDA has very broad enforcement authority under the FDCA, and failure to abide by these regulations can result in penalties, including the issuance of a warning letter directing entities to correct deviations from FDA standards, a requirement that future advertising and promotional materials be pre-cleared by the FDA, and state and federal civil and criminal investigations and prosecutions.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution, including a drug pedigree which tracks the distribution of prescription drugs.

Medical Devices

The FDA has broad post-market and regulatory obligations that we must adhere to. We are subject to unannounced inspections by the FDA to determine our compliance with QSRs and other rules and regulations.

After a medical device is placed on the market, numerous regulatory requirements apply. These include, but are not limited to:

- QSRs, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, documentation and other quality assurance procedures during product design and throughout the manufacturing process;
- Labeling regulations and FDA prohibitions against the promotion of products for uncleared, unapproved or off-label uses; and
- Medical device reporting regulations, which require that manufacturers report to the FDA if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction were to recur.

Failure to comply with regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- the potential withdrawal of 510(k) clearance or other approvals that were previously granted;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- injunctions or the imposition of civil or criminal penalties; or
- requiring us to repair, replace and/or refund the cost of any medical device we have manufactured or distributed.

If any of these events were to occur, they could have a material adverse effect on our business.

International Regulation

In addition to regulations in the U.S., we are subject to a variety of foreign regulations governing clinical trials and the commercial sales and distribution of our products. Whether or not we obtain FDA approval for a product, we must obtain approval by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The approval process and requirements vary from country to country, and the time may be longer or shorter than that necessary for FDA approval.

For example, in Europe, there are several tracks for marketing approval for pharmaceuticals, for product approval and post-approval regulatory processes, depending on the type of product for which approval is sought. Under the centralized procedure, a company submits a single application to the EMA. The marketing application is similar to the NDA in the U.S. and is evaluated by the CHMP, the expert scientific committee of the EMA. If the CHMP determines that the marketing application fulfills the requirements for quality, safety and efficacy, it will submit a favorable opinion to the EC. The CHMP opinion is not binding, but is typically adopted by the EC. A marketing application approved by the EC is valid in all E.U.

member states and is recognized by the MHRA. The centralized procedure is required for all biological products, orphan medicinal products and new treatments for neurodegenerative disorders, and it is available for certain other products, including those which constitute a significant therapeutic, scientific or technical innovation.

As with FDA, EMA or MHRA approval, we may not be able to secure additional regulatory approvals in a timely manner, if at all. Additionally, as in the U.S., post-approval regulatory requirements, such as those regarding product manufacture, marketing or distribution would apply to any product that is approved in Europe, the U.K., Canada and Latin America, and failure to comply with such obligations could have a material adverse effect on our ability to successfully commercialize any product.

In addition to regulations in Europe and the U.S., we will be subject to regulations governing clinical trials, product approvals, and commercial distribution in the U.K, Canada, Latin America and any other jurisdictions in which EXPAREL, ZILRETTA, iovera° or any other future product is approved.

Third-Party Payer Coverage and Reimbursement

The commercial success of our products and product candidates will depend, in part, upon the availability of coverage and reimbursement from third-party payers at the federal, state and private levels. Government payer programs, including Medicare and Medicaid, private health care insurance companies and managed care plans may deny coverage or reimbursement for a product or therapy in whole or in part if they determine that the product or therapy is not medically appropriate or necessary. Also, third-party payers have attempted to control costs by limiting coverage and the amount of reimbursement for particular procedures, medical devices or drug treatments. The U.S. Congress and state legislatures from time to time propose and adopt initiatives aimed at cost containment that could impact our ability to sell our products at a price level high enough to realize an appropriate return on our investment, which would materially impact our results of operations.

In March 2010, President Barack Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act (collectively, the "Affordable Care Act"), a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. The Affordable Care Act revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates owed to states by pharmaceutical manufacturers for covered outpatient drugs. The Affordable Care Act also established a new Medicare Part D coverage gap discount program, in which drug manufacturers must agree to offer 50 percent point-of-sale discounts off negotiated prices of applicable brand name drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D. Substantial new provisions affecting compliance have also been enacted, which may require us to modify our business practices with healthcare practitioners. One such governmental program that was expanded as part of the Affordable Care Act is the 340B Drug Pricing Program, which requires pharmaceutical manufacturers that participate in Medicaid to enter into a pharmaceutical pricing agreement, or PPA, with the Secretary of Health and Human Services, and requires the manufacturer to extend discounts to entities covered under the 340B Drug Pricing Program. The 340B Drug Pricing Program aims to cover entities that have scarce financial resources to be able to reach the U.S.'s most financially vulnerable patient populations. There have been proposed in Congress a number of legislative initiatives regarding healthcare, including possible repeal of the Affordable Care Act. At this time, it remains unclear whether there will be any changes made to the Affordable Care Act. The full impact that the Affordable Care and other new laws will have on our business is uncertain. However, such laws appear likely to continue the pressure on pharmaceutical pricing, especially under the Medicare program, and may also increase our regulatory burdens and operating costs. Moreover, in the coming years, additional changes could be made to governmental healthcare programs that could significantly impact the success of our products.

In December 2022, the **N**on-**O**pioids **P**revent **A**ddiction **I**n the **N**ation ("NOPAIN") Act was signed into law as part of the Biden Administration's Consolidated Appropriations Act of 2023. The NOPAIN Act is preventative legislation aimed at tackling the opioid crisis by incentivizing the use of qualifying non-opioid options to manage surgical pain for Medicare patients treated in ASC and HOPD settings. This federal mandate requires Medicare to reimburse for non-opioid products, such as EXPAREL and iovera°, used during all surgeries conducted in the ASC or HOPD setting. Specifically, the NOPAIN Act covers reimbursement for (i) all non-opioid medications indicated to reduce postoperative pain or produce postsurgical regional analgesia without acting upon the body's opioid receptors; and (ii) all devices used to deliver a therapy, reduce postoperative pain or produce postsurgical or regional analgesia. In order to qualify for reimbursement under the NOPAIN Act, a device must have demonstrated the ability to reduce or avoid intraoperative opioid use or the quantity of opioids prescribed in a clinical trial or through data published in a peer-reviewed journal. The NOPAIN Act took effect on January 1, 2025. This policy eliminates the cost burden associated with providing Medicare patients best-in-class opioid-sparing strategies, allowing institutions the financial flexibility to treat more patients with no- and low-opioid pain management strategies. Congress is now working to extend access to these qualifying non-opioids, with the introduction of the NOPAIN for Veterans Act, which was introduced in the House (H.R. 5409) in July 2025, and in the Senate (S. 3209) in November 2025. If passed, this legislation would expand

veteran access to non-opioid alternatives by providing pathways for FDA-approved non-opioid treatments to be included in the VA National Formulary (VANF).

In October 2024, the Centers for Medicare and Medicaid Services, or CMS, established a permanent product-specific Healthcare Common Procedure Coding System, or HCPCS, J-code for EXPAREL. The new J-code for EXPAREL (J0666) became effective January 1, 2025, and supersedes the prior C-code (C9290), which had been in place since 2019. In addition to the separate CMS reimbursement EXPAREL will receive in outpatient settings with the implementation of the NOPAIN Act in January 2025, this new J-code will also provide reimbursement when EXPAREL is used in the office setting and for office-based surgeries. J-codes are reimbursement codes used by commercial insurance plans, Medicare, Medicare Advantage, and other government payers for Medicare Part B drugs like EXPAREL. Claims submission and payment are standardized with a J-code, facilitating and streamlining billing and reimbursement. In addition, some commercial insurers require a J-code for payment.

Additionally, in November 2024, CMS confirmed that both EXPAREL and iovera° qualify as eligible non-opioid pain management products under the NOPAIN Act. HOPDs and ASCs, that use these products now receive additional Medicare reimbursement effective January 1, 2025. The reimbursement rate for EXPAREL equates to 106% of the average sales price (ASP +6%) in the HOPD and ASC environments. New reimbursement for iovera° includes a separate add-on payment of up to an additional $255.85 when providers administer iovera° in ASC and HOPD settings, using a new C-code created for the product (C9809). This new Medicare payment is provided in addition to the current reimbursement available to HOPDs and ASCs when they perform a procedure with iovera°.

The marketability of our products may suffer if the government and third-party payers fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the U.S. has increased, and we expect will continue to increase, the pressure on pharmaceutical and medical device pricing. Some third-party payers require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse healthcare providers that use such therapies, or place limits on the amount of reimbursement. Coverage policies and third-party payer reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for our products, less favorable coverage policies and reimbursement rates may be implemented in the future.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. There can be no assurance that our products will be considered medically reasonable and necessary for a specific indication, that our products will be considered cost-effective by third-party payers or that an adequate level of reimbursement will be available so that the third-party payers' reimbursement policies will not adversely affect our ability to sell our products profitably.

Marketing and Data Exclusivity

Market exclusivity provisions under the FDCA can delay the submission or approval of certain applications of other companies seeking to reference another company's NDA. The FDA may grant three or five years of marketing exclusivity in the U.S. for the approval of new or supplemental NDAs, including Section 505(b)(2) NDAs, for, among other things, new indications, dosages or dosage forms of an existing drug, if new clinical investigations that were conducted or sponsored by the applicant are essential to the approval of the application. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an Abbreviated New Drug Application, or ANDA, or a Section 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, such an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder. The FDCA also provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. Additionally, six months of marketing exclusivity in the U.S. is available under Section 505A of the FDCA if, in response to a written request from the FDA, a sponsor submits and the agency accepts requested information relating to the use of the approved drug in the pediatric population. This six-month pediatric exclusivity period is not a standalone exclusivity period, but rather is added to any existing patent or non-patent exclusivity period for which the drug product is eligible. In the past, based on our clinical trial program for EXPAREL, the FDA granted three years of marketing exclusivity to EXPAREL, which expired in October 2014. In Europe, manufacturers qualify for 8 years of data exclusivity upon marketing authorization approval and an additional two years of market exclusivity, for a total of 10 years of regulatory exclusivity.

Manufacturing Requirements

We must comply with the FDA's CGMP requirements and comparable regulations in other countries. The CGMP provisions include requirements relating to the organization of personnel, buildings and facilities, equipment, control of

components and drug product containers and closures, production and process controls, packaging and labeling controls, holding and distribution, laboratory controls, records and reports and returned or salvaged products. The manufacturing facilities for our products must meet CGMP requirements to the satisfaction of the FDA and other authorities pursuant to a pre-approval inspection before we can use them to manufacture our products. We and any third-party manufacturers we engage or with which we partner are also subject to periodic inspections of facilities by the FDA and other authorities, including procedures and operations used in the testing and manufacture of our products to assess our compliance with applicable regulations. Failure to comply with these and other statutory and regulatory requirements subjects a manufacturer to possible legal or regulatory action, including warning letters, the seizure or recall of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations and civil and criminal penalties. Adverse experiences with the product or product complaints must be reported and could result in the imposition of market restrictions through labeling changes or in product removal. Product approvals may be withdrawn if compliance with regulatory requirements is not maintained or if problems concerning safety or efficacy of the product occur following approval.

Regulations Pertaining to Sales and Marketing

We are subject to various federal and state laws pertaining to health care "fraud and abuse," including anti-kickback laws and false claims laws. Anti-kickback laws generally prohibit a prescription drug or medical device manufacturer from soliciting, offering, receiving, or paying any remuneration to generate business, including the purchase or prescription of a particular drug or device. Although the specific provisions of these laws vary, their scope is generally broad and there may be no regulations, guidance or court decisions that clarify how the laws apply to particular industry practices. There is therefore a possibility that our practices might be challenged under the anti-kickback or similar laws. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to third-party payers (including Medicare and Medicaid) claims for reimbursed drugs, procedures or services that are false or fraudulent, claims for items or services not provided as claimed, or claims for medically unnecessary items or services. Our activities relating to the sale and marketing of our products may be subject to scrutiny under these laws. Violations of fraud and abuse laws may be punishable by criminal or civil sanctions, including fines and civil monetary penalties and exclusion from federal health care programs (including Medicare and Medicaid). In the U.S., federal and state authorities are paying increased attention to enforcement of these laws within the pharmaceutical and medical device industries and private individuals have been active in alleging violations of the laws and bringing suits on behalf of the government under the federal civil False Claims Act. If we were subject to allegations concerning, or were convicted of violating, these laws, our business could be harmed.

Laws and regulations have been enacted by the federal government and various states to regulate the sales and marketing practices of pharmaceutical and medical device manufacturers. The laws and regulations generally limit financial interactions between manufacturers and health care providers or require disclosure to the government and public of such interactions. The laws include the federal Physician Payment Sunshine Act, or "sunshine" provisions, enacted in 2010 as part of the Affordable Care Act. The sunshine provisions apply to pharmaceutical and medical device manufacturers with products reimbursed under certain government programs and require those manufacturers to disclose annually to the federal government (for re-disclosure to the public) certain payments made to physicians and certain other healthcare practitioners or to teaching hospitals. State laws may also require disclosure of pharmaceutical and medical device pricing information and marketing expenditures. Many of these laws and regulations contain ambiguous requirements. Given the lack of clarity in laws and their implementation, our reporting actions could be subject to the penalty provisions of the pertinent federal and state laws and regulations. Outside the U.S., other countries have implemented requirements for disclosure of financial interactions with healthcare providers and additional countries may consider or implement such laws.

Regenerative Medicine Advanced Therapies

As part of the 21st Century Cures Act, Congress amended the FDCA to create the RMAT designation. The RMAT designation is intended to facilitate efficient development and expedite review of regenerative medicine advanced therapies, which are intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition. RMAT covers cell therapies, gene therapies, therapeutic tissue engineering products, human cell and tissue products, and combination products using any such therapies or products. A sponsor may request that the FDA designate a regenerative medicine advanced therapy concurrently with or at any time after submission of an IND. For example, in February 2024, the FDA granted an RMAT designation for PCRX-201. The FDA has 60 calendar days to determine whether the criteria are met, including whether there is preliminary clinical evidence indicating the potential to address unmet medical needs for a serious or life-threatening disease or condition. A Biologics License Application (BLA) for a regenerative medicine advanced therapy may be eligible for priority review or accelerated approval through surrogate or intermediate endpoints reasonably likely to predict long-term clinical benefit, or reliance upon data obtained from a meaningful number of clinical trial sites. Benefits of such designation also include early interactions with the FDA to discuss any potential surrogate or intermediate endpoint to be used to support accelerated approval. A regenerative medicine advanced therapy that is granted accelerated approval and is subject to post-approval requirements may fulfill such requirements through the submission of clinical evidence, clinical studies, patient

registries, or other sources of real-world evidence, such as electronic health records; the collection of larger confirmatory data sets; or post-approval monitoring of all patients treated with such therapy prior to its approval.

Healthcare Privacy and Security Laws

We may be subject to, or our marketing activities may be limited by, the Health Insurance Portability and Accountability Act, or HIPAA and its implementing regulations, which established uniform standards for certain "covered entities" (healthcare providers, health plans and healthcare clearinghouses) governing the conduct of certain electronic healthcare transactions and protecting the security and privacy of protected health information. The American Recovery and Reinvestment Act of 2009, commonly referred to as the economic stimulus package, included sweeping expansion of HIPAA's privacy and security standards called the Health Information Technology for Economic and Clinical Health Act, or HITECH, which became effective in February 2010. Among other things, HITECH makes HIPAA's privacy and security standards directly applicable to "business associates"—independent contractors or agents of covered entities that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions.

Environmental Matters

Our R&D processes and our manufacturing processes involve the controlled use of hazardous materials and chemicals and produce waste products, including pharmaceutical residues. We are subject to, and in compliance with, federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of hazardous materials and waste products, including those related to pharmaceutical residues. While we are in compliance with applicable environmental regulations, the failure to fully comply with any such regulations could result in the imposition of penalties, fines and/or sanctions which could have a material adverse effect on our business. It is also possible that environmental issues may arise in the future which we cannot now predict.

We are working towards improving our sustainable footprint through key practices like waste reduction, water recycling, and using energy efficient equipment where possible. We have a focus on raising awareness and educating our employees on reducing our internal use of consumables and natural resources. At our Science Center Campus in San Diego, California, one of our continuous improvement projects is to monitor and reduce the use of water, gas and electricity.

In 2024, we first achieved a certification whereby zero hazardous waste from our Science Center Campus in San Diego, California ended up in a landfill. In addition, we have a broad range of recycling and waste management initiatives at our manufacturing facilities and corporate offices. For example, at our internal manufacturing facilities we have addressed our use and recycling of paper products, aluminum cans, glass, electronics and plastic, as well as responsible disposal of non-recyclables and effective water management.

Cybersecurity

We face a number of cybersecurity risks in connection with our business. Although we have numerous controls to protect against common cybersecurity attacks, some attacks may still be effective. Our controls are designed to detect, triage and eradicate these attacks. Over the past three years, there have been no known material breaches, and no expenses related to the investigation of such breaches. For more information on our cybersecurity program, see Item 1C. *Cybersecurity*.

Corporate Citizenship

We are the industry leader in our commitment to deliver innovative, non-opioid pain therapies to transform the lives of patients. We are dedicated to the principles of social responsibility and good corporate governance. Our board of directors is comprised of industry leaders with extensive and diverse experience spanning business and scientific leadership. We hold ourselves to the highest standards and our Code of Business Conduct and Ethics reflects the business practices and principles of behavior that support this commitment. We are deeply invested in the welfare of our patients, employees, the environment and the communities where we live and work. We conduct our operations and manage our product and pipeline programs in a responsible manner and strive to comply with applicable laws, rules and regulations.

Over the past five years we have provided support for charitable medical missions in Honduras, Ghana, Zambia, Guatemala, Ecuador, Mexico, India, Guyana, Palau, Nigeria, Belize and the Dominican Republic by donating EXPAREL to help support surgeries for patients in need; have supported the Louisiana State University Opioid Minimization Initiative, and have donated EXPAREL to not-for-profit children's hospitals each year since 2022 with a commitment to do so through 2027.

Pacira Gives Back

As part of our ongoing commitment to support the communities where we live and work, we support a corporate giving campaign—*Pacira Gives Back*—which allows our employees to find local volunteer opportunities in their communities and help encourage use of a paid day off per year, known as our Community Day. Through Pacira Gives Back, employees can also make a donation to a not-for-profit organization of their choice.

Human Capital

Pacira Core Values

We are a team of dedicated and highly talented professionals focused on delivering innovative, non-opioid pain therapies to transform the lives of patients. We are an organization built on high ethical standards, an unwavering commitment to patients and transparent communications. We have a drive and a desire to improve the world around us and make a meaningful difference in the lives of patients, families, communities and society. Our core values guide our behaviors, choices and actions; foster our collaborative culture and further strengthen our organization.

The core values that underpin everything we do are:

- *Every day, we are determined to achieve the extraordinary.* We are bold enough to consistently do what others say cannot be done. Guided by our commitment to keep the patient at the center, we recognize that every day matters for a patient suffering in pain.
- *Integrity is the foundation of who we are.* We have the courage to tackle the biggest problems—and to do that, we know we have to follow the science. We believe in transparency, accountability and honesty, and we have the fortitude to make difficult decisions for the greater good.
- *We respect diverse talent and the collective power of a unified team.* We recognize the role of teamwork toward tackling challenges and we believe in the value of different experiences and perspectives. We treat our people well—with fairness, equity and respect.

Corporate Sustainability Report

On an annual basis, we publish a Corporate Sustainability Report, or CSR, on our corporate website. The CSR report contains information about our people, our culture, patient and product safety, our commitment to our communities and opioid-sparing initiatives and our corporate governance and ethics. The foregoing reference to our CSR report is not intended to, nor shall it be deemed to, incorporate information in the CSR report or any other information contained on our corporate website into this Annual Report by reference.

Total Rewards

In order to attract and retain talent, we maintain broad-based benefits that are provided to all employees, including our 401(k) retirement plan with an employer matching contribution made each pay period, an employee stock purchase plan, flexible spending accounts, medical, dental and vision care plans, healthcare and dependent care savings accounts, life insurance, short- and long-term disability policies, paid vacation, paid sick time and paid company holidays. Additionally, we reward employees driving significant value creation with a variety of long-term and short-term incentives including a recognition platform, annual performance bonuses, stock options, restricted stock units and a long-term performance cash incentive. We also offer our executives the opportunity to participate in a deferred compensation plan with an employer match. We encourage our employees to give back in their communities and offer one paid day off per year to volunteer through our Community Day benefit. We regularly benchmark our rewards programs, adjusting as needed, to ensure our total rewards are competitive. We are steadfast in our commitment to paying all our employees a fair and living wage. We uphold fair and equitable pay practices and regularly evaluate our compensation programs to ensure they support this commitment.

Talent Management

We invest significantly in our future leaders by cultivating their growth and development. We regularly assess and identify our emerging talent and support their development with formal programs including classroom training, executive coaching, mentoring programs and “360-degree feedback” surveys geared towards our high-potential leaders. Many of our leaders participating in these programs advance to higher level positions within the organization. We also support long-term career growth through *Pacira Pathways*, a structured career development framework designed to clarify career progression, identify critical experiences and build capabilities for future roles. We are committed to soliciting employee feedback throughout their tenure with the organization, to shape organizational culture and to inform our people strategy. We conduct new hire surveys to solicit feedback on employees’ initial experiences with us to help ensure a successful onboarding and accelerate their assimilation into the organization and ability to contribute to our mission. We track turnover and employee engagement among other metrics, and conduct stay and exit interviews to ensure our talent strategy serves our goal of attracting, developing and retaining top talent to serve as our future leaders and stewards of our vision. In addition, we conduct

mid-year and annual performance reviews for all employees to ensure regular discussions around performance, progress towards goals and professional development. We offer targeted selection training for interviewers to ensure a consistent methodology applied in identifying and hiring the best candidates for open positions and offer management skills trainings in live and virtual settings, along with online courses available to all employees through our learning platform.

Employee Wellbeing, Health and Safety

Pacira is committed to the total wellbeing of our employees and their families. We offer a range of benefits designed to meet individual needs and help employees and their families live healthy lives. This includes a variety of tools to promote total wellbeing in the areas of health, wealth, work and life to keep our employees and their families healthy, lower their healthcare costs and reduce stress. For example, we provide access to free biometric screenings, voluntary genetic testing (including enhanced support for cancer diagnoses), an employee assistance program, or EAP, and host in-person and webinar trainings on stress management and other EAP benefits, access to telemedicine including mental health visits and confidential counseling sessions for a number of needs, a health advocate service to help employees and their families navigate the healthcare system, a free consultation with an attorney for personal legal matters and discounted legal fees thereafter, activity challenges and more. We offer our eligible employees flexible work arrangements—including remote working opportunities, flexible schedules and reduced schedules to help achieve an appropriate work/life balance. Benefits that protect financial wellbeing are also provided, including but not limited to: a paid parental leave benefit, insurance to help protect assets during times of short- and long-term disability, life insurance and accidental death and dismemberment insurance, critical illness and accident insurance, financial education seminars on savings, debt and other financial topics, access to financial specialists, access to discounts on a variety of products and services and incentives to engage in a new or maintain a wellbeing activity. Additionally, our 401(k) retirement plan fiduciary is available to serve as a financial advisor to all employees with one-on-one personal financial planning. Furthermore, we maintain a recognition program based on our core values, known as *Celebrate*, through which we recognize each other's commitment to making a meaningful difference for our patients and communities and create a shared culture where everyone is responsible for living and sustaining our core values. We also offer our employees and their covered family members in-network coverage of each of EXPAREL, ZILRETTA and iovera° through our employer-sponsored health benefit plans.

We have a formal Environmental Health and Safety Program. It is our policy that everyone is entitled to a safe and healthful place to work. We recognize that accident prevention, employee wellness and efficiency of operations are directly related to quality, production and cost. Pacira operates its facilities in a manner that protects the health of its employees and minimizes the impact of its operations on the environment.

Diversity, Equity and Inclusion

We are committed to intentionally cultivating a culture of inclusion where all feel welcomed and valued for their backgrounds, perspectives and experiences. We hold one another accountable to promote trust and transparency in support of our communities and collective purpose. In support of our diversity, equity and inclusion vision, we have developed a strategy and multi-year roadmap, prioritizing education, training and diversity hiring, and developed a global labor and human rights policy. Our executive team and senior leaders have received Unconscious Bias and Inclusive Leadership training. We list our job postings on state job banks and distribute them to community engaged veteran, minority, women and diversity organizations as well as other targeted diversity sites. We are committed to evaluating our people processes to ensure we are attracting, developing, promoting and retaining diverse talent.

Our P.O.W.E.R. (**P**reparing **O**ur **W**omen for **E**xcellence and **R**esults) organization is an employee resource group open to all Pacira colleagues, focused on promoting leadership values, fostering a community of support and the advancement of women through professional development and networking opportunities. In 2020, we established a cross-functional diversity, equity and inclusion employee council to serve as an advisory board, comprised of employees who lead, advocate for, inform and communicate our corporate diversity, equity and inclusion strategic initiatives around four key areas: leadership development, diversity recruiting, culture and communications.

Employees

As of December 31, 2025, we had 829 employees, of which 825 were full-time and four were part-time. All of our employees are based in the U.S. except for 17 employees based in Germany, seven employees based in the U.K. and two employees based in Belgium. None of our employees are represented by a labor union, and we consider our current employee relations to be good.

Available Information

Our corporate website is located at www.pacira.com. We file reports and other information with the United States Securities and Exchange Commission, or SEC, as required by the Exchange Act, which are accessible on the SEC's website at www.sec.gov. We also make available free of charge through our corporate website our Annual Report, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and any amendments to those reports filed or furnished pursuant to

Sections 13(a) and 15(d) of the Exchange Act. We make these reports available through our corporate website as soon as reasonably practicable after we electronically file such reports with, or furnish such reports to, the SEC. In addition, we regularly use our corporate website to post information regarding our business, product development programs and corporate governance, and we encourage investors to use our website, particularly the information in the sections entitled "Investors" and "News," as a source of information about us. The foregoing references to our corporate website are not intended to, nor shall they be deemed to, incorporate information on our corporate website into this Annual Report by reference, and the inclusion of our corporate website address in this Annual Report is an inactive textual reference only and is not intended to be an active link to our corporate website.

Item 1A. Risk Factors

In addition to the other information in this Annual Report, any of the factors set forth below could significantly and negatively affect our business, financial condition, results of operations or prospects. The trading price of our common stock may decline due to these risks. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 1 of this Annual Report. These risk factors are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

Risks Related to the Development and Commercialization of our Products and Product Candidates

Our success depends primarily on our ability to successfully commercialize EXPAREL and ZILRETTA.

We have invested a significant portion of our efforts and financial resources in the development and commercialization of our lead product, EXPAREL, which was first approved by the FDA in October 2011 and commercially launched in April 2012. EXPAREL was approved by the EC (which included the U.K.) in November 2020. During 2025, sales of EXPAREL accounted for 79% of our total revenue, and we expect EXPAREL sales will remain of primary importance for the foreseeable future. We added ZILRETTA to our product portfolio upon completing the Flexion Acquisition in November 2021 and it accounted for 16% of our total revenue in 2025. Our success primarily depends on our ability to continue to effectively commercialize EXPAREL and ZILRETTA. Our ability to effectively generate revenues from EXPAREL and ZILRETTA will depend on our ability to, among other things:

- create further market demand for EXPAREL and ZILRETTA through our marketing and sales activities and other arrangements established for their promotion;
- train, deploy and support a qualified sales force;
- secure formulary approvals for EXPAREL at a substantial number of targeted hospitals and ASCs;
- manufacture EXPAREL and ZILRETTA in sufficient quantities in compliance with requirements of regulatory agencies and at acceptable quality and pricing levels in order to meet commercial demand;
- implement and maintain agreements with wholesalers and distributors on commercially reasonable terms;
- appropriately help the market to take advantage of EXPAREL reimbursement at ASP plus 6 percent for Medicare patients receiving surgery in the outpatient setting;
- receive adequate levels of coverage and reimbursement for EXPAREL and ZILRETTA from commercial health plans and governmental health programs;
- maintain compliance with regulatory requirements;
- obtain regulatory approvals for additional indications and geographic expansion for the use of EXPAREL and ZILRETTA;
- ensure that our entire supply chain efficiently and consistently delivers EXPAREL and ZILRETTA to our customers; and
- maintain and defend our patent protection and regulatory exclusivity for EXPAREL and ZILRETTA, including our ongoing patent litigation lawsuit against WhiteOak and Qilu. For more information on this matter, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

Any disruption in our ability to generate revenues from the sale of EXPAREL and ZILRETTA will have a material and adverse impact on our results of operations and financial condition.

Our efforts to successfully commercialize EXPAREL and ZILRETTA are subject to many internal and external challenges and if we cannot overcome these challenges in a timely manner, our future revenues and profits could be materially and adversely impacted.

EXPAREL has been a commercialized drug since April 2012. We continue to expend significant time and resources to train our sales force to be credible and persuasive in convincing physicians, hospitals and ASCs to use EXPAREL. In addition, we also must train our sales force to ensure that a consistent and appropriate message about EXPAREL is delivered to our potential customers. If we are unable to effectively train our sales force and equip them with effective materials, including medical and sales literature to help them inform and educate potential customers about the benefits and risks of EXPAREL and its proper administration, our efforts to successfully commercialize EXPAREL could be put in jeopardy, which could have a material adverse effect on our future revenues and profits.

In addition to our extensive internal efforts, the successful commercialization of EXPAREL requires many third parties, over whom we have no control, to continue to utilize EXPAREL. These third parties include physicians and hospital pharmacy and therapeutics committees ("P&T committees"). Generally, before we can attempt to sell EXPAREL in a hospital, EXPAREL must be approved for addition to that hospital's list of approved drugs, or formulary list, by the hospital's P&T committee. A hospital's P&T committee typically governs all matters pertaining to the use of medications within the institution, including the review of medication formulary data and recommendations for the appropriate use of drugs within the institution to the medical staff. The frequency of P&T committee meetings at hospitals varies considerably, and P&T committees often require additional information to aid in their decision-making process. Therefore, we may experience substantial delays in obtaining formulary approvals. Additionally, hospital pharmacists may be concerned that the cost of acquiring EXPAREL for use in their institutions will adversely impact their overall pharmacy budgets, which could cause pharmacists to resist efforts to add EXPAREL to the formulary, or to implement restrictions on the usage of EXPAREL or to encourage use of a lower cost dose than a surgeon or anesthesiologist would otherwise choose in order to control costs. Implementation of the NOPAIN Act in January 2025 now provides for separate reimbursement of qualifying non-opioids, like EXPAREL, administered during surgical procedures in the outpatient environment, is a significant policy advancement aimed at alleviating cost concerns for the Medicare population; however, we cannot guarantee that we will be successful in obtaining the approvals we need from enough P&T committees quickly enough to optimize hospital sales of EXPAREL. Even if we obtain hospital formulary approval for EXPAREL, physicians must still prescribe EXPAREL for its commercialization to be successful.

If EXPAREL does not achieve broader market acceptance, the revenues that we generate from its sales will be limited. The degree of market acceptance of EXPAREL also depends on a number of other factors, including:

- changes in the standard of care for the targeted indications for EXPAREL, which could reduce the marketing impact of any claims that we can make;
- the relative efficacy, convenience and ease of administration of EXPAREL;
- the prevalence and severity of adverse events associated with EXPAREL;
- the cost of treatment versus economic and clinical benefit, both in absolute terms and in relation to alternative treatments;
- the availability of adequate coverage or reimbursement by third parties, such as insurance companies and other healthcare payers, and by government healthcare programs, including Medicare and Medicaid, although implementation of the NOPAIN Act in January 2025 now provides Medicare coverage for separate reimbursement of qualifying non-opioids like EXPAREL in addition to its HCPCS J-code (J0666);
- the extent and strength of our marketing and distribution of EXPAREL;
- the safety, efficacy and other potential advantages over, and availability of, alternative treatments, including, in the case of EXPAREL, a number of products already used to treat pain in the hospital setting;
- potential future entrance into the market of a generic version of EXPAREL; and
- distribution and use restrictions imposed by regulatory agencies or to which we agree as part of a mandatory risk evaluation and mitigation strategy or voluntary risk management plan.

Our ability to effectively promote and sell EXPAREL and any product candidates that we may develop, license or acquire in the hospital or ASC marketplace will also depend on pricing and cost effectiveness, including our ability to produce a product at a competitive price and therefore achieve acceptance of the product onto hospital formularies, and our ability to obtain sufficient third-party coverage or reimbursement. We will also need to demonstrate acceptable evidence of safety and efficacy, as well as relative convenience and ease of administration. Market acceptance could be further limited depending on the prevalence and severity of any expected or unexpected adverse side effects associated with our product candidates, as well as products and therapies of competitors.

In addition, our approved labels for EXPAREL do not contain claims that EXPAREL is safer or more effective than competitive products and do not permit us to promote EXPAREL as being superior to competing products. Further, the availability of inexpensive generic forms of postsurgical pain management products may also limit acceptance of EXPAREL among physicians, patients and third-party payers. If EXPAREL does not achieve a broader level of acceptance among

physicians, patients and third-party payers, we may not generate meaningful revenues from EXPAREL, and we may not remain profitable.

ZILRETTA is only approved for the management of OA pain of the knee for patients in the U.S. Successful commercialization of ZILRETTA is subject to many risks. Market acceptance of ZILRETTA will depend on a number of factors, including:

- the efficacy and safety as demonstrated in clinical trials;
- the ability to demonstrate the impact of real-world evidence;
- the timing and market introduction of competitive products;
- the product label and clinical indications for which the product is approved;
- acceptance by physicians, the medical community and patients of the product as a safe and effective treatment;
- the ability to distinguish safety and efficacy from existing, less expensive generic alternative therapies;
- the convenience of prescribing, administrating and initiating patients on the product;
- the potential and perceived advantages or value of the product over alternative treatments;
- the cost of treatment in relation to alternative treatments, including any similar generic treatments;
- the economics of a buy-and-bill product and discounts and rebates we offer;
- the availability of coverage and adequate reimbursement by third-party payers and government authorities to support pricing;
- the prevalence and severity of adverse side effects; and
- the effectiveness of sales and marketing efforts.

If ZILRETTA does not achieve a broader level of acceptance among physicians, patients and third-party payers, we may not generate meaningful revenues from ZILRETTA, and our business, financial condition and results of operations may suffer.

If we are unable to achieve and maintain adequate levels of third-party payer coverage and reimbursement for any product we may offer, on reasonable pricing terms, that product's commercial success may be severely hindered.

ZILRETTA is a physician-administered product, and therefore physicians are required to purchase and manage the inventory of ZILRETTA, prior to administering the product to patients. Physicians obtain reimbursement for ZILRETTA from the applicable third-party payer, such as Medicare or a health insurance company, only after it has been administered to patients. This is called a "buy and bill" process. Because physicians are at financial risk for the cost of a "buy and bill" product until they have been reimbursed, concerns about reimbursement can impact a physician's decision to use the product. The future growth of ZILRETTA depends on the availability of coverage and adequate reimbursement from third-party payers, including commercial payers, governmental healthcare programs, such as Medicare and Medicaid and managed care organizations, among others. EXPAREL reimbursement is subject to the same considerations in the ASC setting.

Patients who are prescribed medicine for the treatment of their conditions generally rely on third-party payers to reimburse all or part of the costs associated with their prescription drugs. Coverage and adequate reimbursement from third-party payers are critical to product acceptance. Coverage decisions may depend upon clinical and economic standards that disfavor drug products when more established or lower cost therapeutic alternatives are already available or subsequently become available. The resulting reimbursement payment rates for EXPAREL and ZILRETTA might not be adequate or may require co-payments that patients find unacceptably high. If coverage and reimbursement for EXPAREL and ZILRETTA are not available or only available at limited levels, we may not be able to successfully commercialize EXPAREL and ZILRETTA, which could have a material adverse effect on our business, results of operations and financial condition.

We face significant competition from other pharmaceutical, medical device and biotechnology companies. Our operating results will suffer if we fail to compete effectively.

The pharmaceutical, medical device and biotechnology industries are intensely competitive and subject to rapid and significant technological change. Our major competitors include organizations such as major multinational pharmaceutical and medical device companies, established biotechnology companies and specialty pharmaceutical and generic drug companies. Many of our competitors have greater financial and other resources than we have, such as larger R&D staffs, more extensive marketing, distribution, sales and manufacturing organizations and experience, more extensive clinical trial and regulatory experience, expertise in prosecution of intellectual property rights and access to development resources like personnel and technology. As a result, these companies may obtain regulatory approval more rapidly than we are able to and may be more effective in selling and marketing their products. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Our competitors may succeed in developing,

acquiring or licensing on an exclusive basis technologies, drug products and medical devices that are more effective or less costly than EXPAREL, ZILRETTA, iovera° or any product candidate that we are currently developing or that we may develop, license or acquire, which could render our products obsolete and noncompetitive or significantly harm the commercial opportunity for EXPAREL, ZILRETTA, iovera° or any of our product candidates.

As a result of these factors, our competitors may obtain patent protection or other intellectual property rights that may limit our ability to develop other indications for, or commercialize, EXPAREL, ZILRETTA, iovera° or any of our product candidates. Our competitors may also develop drugs or medical devices that are safer, more effective, useful or less costly than ours and may be more successful than us in manufacturing and marketing their products.

EXPAREL competes with well-established products with similar indications. Competing products available for postsurgical pain management include opioids such as morphine, fentanyl, meperidine and hydromorphone, each of which is available generically from several manufacturers, and several of which are available as proprietary products using novel delivery systems. Ketorolac, an NSAID, is also available generically in the U.S. from several manufacturers, and Caldolor (ibuprofen for injection), an NSAID, has been approved by the FDA for pain management and fever in adults. EXPAREL also faces competition from currently marketed non-opioid products such as bupivacaine, marcaine, ropivacaine and other anesthetics/analgesics, all of which are also used in the treatment of postsurgical pain and are available as either oral tablets, injectable dosage forms or administered using novel delivery systems. We are aware of at least one FDA-approved oral, non-opioid, highly selective $Na_V1.8$ pain signal inhibitor that utilizes suzetrigine for the treatment of moderate-to-severe pain in adults. EXPAREL also competes with elastomeric pumps and catheter devices intended to provide bupivacaine over several days and with off-label combinations of other approved analgesics, called “cocktails”, that are combined by compound pharmacies in an attempt to extend the duration of pain control. Additional products may be developed for the treatment of acute pain, including new injectable NSAIDs, novel opioids, new formulations of currently available opioids and NSAIDs, long-acting local anesthetics and new chemical entities as well as alternative delivery forms of various opioids and NSAIDs. EXPAREL also competes with elastomeric bags and catheter devices intended to provide bupivacaine over several days.

ZILRETTA competes with immediate-release steroids and HA-containing products, as well as stem cell and PRP injections. Immediate-release TA and other injectable immediate-release steroids, which are the current IA standard of care for OA pain, are available in generic form and are therefore relatively inexpensive compared to the pricing for ZILRETTA. These generic steroids also have well-established market positions and familiarity with physicians, healthcare payers and patients. Although we believe the proven and extended pain relief evidenced in clinical trials demonstrate that ZILRETTA represents a clinically meaningful and highly efficacious option, it is possible that we will receive data from additional clinical trials or in a post-marketing setting from physician and patient experiences with the commercial product that does not continue to support such interpretations.

The iovera° system competes with cryotherapy devices as well as other devices such as cooled radio-frequency ablation devices that block or degenerate peripheral nerves involved in conducting pain signals.

Regulatory approval for any approved product is limited to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, and allegations of our failure to comply with such approved indications could limit our sales efforts and have a material adverse effect on our business.

The marketing, labeling, advertising and promotion of prescription drugs and medical devices is strictly regulated. These regulations include standards and restrictions for direct-to-consumer advertising, industry-sponsored scientific and educational activities, promotional activities involving the internet and off-label promotion. Any regulatory approval granted is limited to those specific diseases and indications for which a product is deemed to be safe and effective by an appropriate regulatory agency. For example, the FDA-approved label for EXPAREL does not include an indication in obstetrical paracervical block anesthesia. In addition to the FDA approval required for new formulations, any new indication for an approved product also requires FDA approval. If we are not able to obtain regulatory approval for any desired future indications for our products and product candidates, our ability to effectively market and sell our products may be reduced and our business may be adversely affected.

As an example, in the U.S. and Europe, while physicians may choose, and are generally permitted to prescribe drugs, medical devices or treatments for uses that are not described in the product’s labeling and for uses that differ from those tested in clinical trials and approved by the regulatory authorities, our ability to promote the products is narrowly limited to those indications that are specifically approved by the FDA, EMA or MHRA. These “off-label” uses are common across medical specialties and may constitute an appropriate treatment for some patients in varied circumstances. Regulatory authorities generally do not regulate the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical and medical device companies on the subject of off-label use. In the U.S., although recent court decisions suggest that certain off-label promotional activities may be protected under the First Amendment of the U.S. Constitution, the scope of any such protection is unclear. If our promotional activities fail to comply with the FDA’s regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, our failure to follow

FDA rules and guidelines relating to promotion and advertising may cause the FDA to issue warning letters or untitled letters, bring an enforcement action against us, suspend or withdraw an approved product from the market, require a recall or institute fines or civil fines, or could result in disgorgement of money, operating restrictions, injunctions or criminal prosecution, any of which could harm our reputation and our business.

If we are unable to establish and maintain effective marketing and sales capabilities or enter into agreements with third parties to market and sell our products, we may be unable to generate additional product revenues.

We are continuing to build our commercial infrastructure for the marketing, sale and distribution of pharmaceutical products. In order to continue commercializing our products effectively, we must continue to build our marketing, sales and distribution capabilities. The establishment, development and training of our sales force and related compliance plans to market our products is expensive and time consuming. In the event we are not successful in further developing our marketing and sales infrastructure, we may not be able to continue to successfully commercialize our products, including markets outside the U.S., which would limit our ability to generate additional product revenues.

In addition to our internal marketing and sales efforts, we have entered into agreements with third-party distributors to promote and sell EXPAREL in certain territories. For example, in July 2025, we entered into a co-promotion agreement with J&J MedTech to market and promote the use of ZILRETTA for OA knee pain in the U.S. We previously had a co-promotion agreement with DePuy Synthes Sales, Inc. to market and promote the use of EXPAREL for orthopedic procedures in the U.S. market which we terminated effective January 2021. Additionally, in March 2020, Flexion entered into an exclusive license agreement with Hong Kong Tainuo Pharma Ltd., or HK Tainuo, and Jiangsu Tainuo Pharmaceutical Co. Ltd. for the development and commercialization (other than manufacturing) of ZILRETTA in Greater China. In July 2022, we submitted a letter to HK Tainuo associated with this license agreement seeking a mutual decision to end the licensing agreement and made a $13.0 million termination payment to HK Tainuo in January 2023. For more information, see Note 19, *Commercial Partners and Other Agreements* and Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

We may seek additional distribution arrangements in the future, including arrangements with third-party distributors to commercialize and sell our products in certain foreign countries, and there can be no assurance that such distributors and promoters will be successful in marketing and promoting our products. The use of distributors involves certain risks, including risks that such distributors will:

- not effectively distribute or support our products;
- not provide us with accurate or timely information regarding their inventories, the number of accounts using our products or complaints about our products;
- fail to comply with their obligations to us;
- fail to comply with laws and regulations to which they are subject, whether in the U.S. or in foreign jurisdictions;
- reduce or discontinue their efforts to sell or promote our products; or
- cease operations.

Any such failure may result in decreased sales and could lead us to incur other additional costs, which would have an adverse effect on our business.

We rely on third parties to perform many essential services for EXPAREL, ZILRETTA and iovera° and will rely on third parties for any other products that we commercialize. If these third parties fail to perform as expected or fail to comply with legal and regulatory requirements, our ability to commercialize EXPAREL, ZILRETTA and iovera° will be significantly impacted and we may be subject to regulatory sanctions.

We have entered into agreements with third-party service providers to perform a variety of functions related to the manufacture, sale and distribution of EXPAREL, ZILRETTA and iovera°, key aspects of which are out of our direct control. These service providers provide key services related to manufacturing our products, customer service support, warehousing and inventory program services, distribution services, contract administration and chargeback processing services, accounts receivable management and cash application services, financial management and information technology services. In addition, our finished goods inventory is stored at three warehouses maintained by two service providers. We substantially rely on these providers as well as other third-party providers that perform services for us, including entrusting our inventories of products to their care and handling. If these third-party service providers fail to comply with applicable laws and regulations, fail to meet expected deadlines or otherwise do not carry out their contractual duties to us, or encounter physical or natural damage at their facilities, our ability to deliver product to meet commercial demand would be significantly impaired. In addition, we may engage third parties to perform various other services for us relating to adverse event reporting, safety database management, fulfillment of requests for medical information regarding our product candidates and related services. If the quality or accuracy of the data maintained by these service providers is insufficient, we could be subject to regulatory sanctions.

Distribution of our pMVL-based products, including EXPAREL, requires cold-chain distribution provided by third parties, whereby the product must be maintained between specified temperatures. If a problem occurs in our cold-chain distribution processes, whether through our failure to maintain our products or product candidates between specified temperatures or because of a failure of one of our distributors or partners to maintain the temperature of the products or product candidates, the product or product candidate could be adulterated and rendered unusable. We have obtained limited inventory and cargo insurance coverage for our products. However, our insurance coverage may not reimburse us or may not be sufficient to reimburse us for any expenses or losses we may suffer. This could have a material adverse effect on our business, financial condition, results of operations and reputation.

We may need to increase the size of our organization and effectively manage our sales force, and we may experience difficulties in managing growth.

As of December 31, 2025, we had 829 employees. We may need to expand our personnel resources in order to manage our operations and sales of EXPAREL, ZILRETTA, iovera°, any of our product candidates or products we acquire or in-license. Our management, personnel, systems and facilities currently in place may not be adequate to support this future growth. In addition, we may not be able to recruit and retain qualified personnel in the future, particularly in sales and marketing positions, due to competition for personnel among pharmaceutical and medical device businesses, and the failure to do so could have a significant negative impact on our future product revenues and results of operations. Our need to effectively manage our operations, growth and various projects requires that we:

- continue the hiring and training of an effective commercial organization for the commercialization of EXPAREL, ZILRETTA and iovera°, and establish appropriate systems, policies and infrastructure to support that organization;
- continue to establish and maintain effective relationships with distributors and commercial partners for the promotion and sale of our products;
- ensure that our distributors, partners, suppliers, consultants and other service providers successfully carry out their contractual obligations, provide high quality results and meet expected deadlines;
- manage our development efforts and clinical trials effectively;
- expand our manufacturing capabilities and effectively manage our co-production arrangements with Thermo Fisher and Amphenol;
- continue to carry out our own contractual obligations to our licensors and other third parties; and
- continue to improve our operational, financial and management controls, reporting systems and procedures.

We may be unable to successfully implement these tasks on a larger scale and, accordingly, may not achieve our development and commercialization goals. Additionally, these tasks may impose a strain on our administrative and operational infrastructure. If we are unable to effectively manage our growth, our product sales and resulting revenues will be negatively impacted.

We may not be able to manage our business effectively if we are unable to attract and retain key personnel.

We may not be able to attract or retain qualified management and commercial, scientific and clinical personnel due to the intense competition for qualified personnel among biotechnology, pharmaceutical, medical device and other businesses, as well as universities, non-profit research organizations and government entities, particularly in and around the San Francisco Bay Area; San Diego, California, northern New Jersey/New York City metro and Luckenwalde, Germany. If we are not able to attract and retain necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

Our industry has experienced a high rate of turnover of management personnel in recent years. We are highly dependent on the development and manufacturing expertise for our products and pMVL drug delivery technology and the commercialization expertise of management. In particular, we are highly dependent on the skills and leadership of our senior management team. If we lose one or more of these key employees, our ability to successfully implement our business strategy could be seriously harmed. Replacing key employees may be difficult, costly and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to develop, gain regulatory approval of and commercialize products successfully. Competition to hire from this limited talent pool is intense, and we may be unable to hire, train, retain or motivate additional key personnel.

Competition for highly skilled personnel, including management and commercial, scientific and clinical personnel, is extremely competitive, particularly in and around the San Francisco Bay Area; San Diego, California, northern New Jersey/New York City metro and Luckenwalde, Germany. While we offer remote work arrangements, which allows us to recruit

employees residing outside of the geographic areas we operate in, we have experienced—and may continue to experience—some difficulty identifying and hiring qualified personnel, especially as we pursue our growth strategy. We may not be able to hire or retain such personnel at compensation or flexibility levels consistent with our existing policies. We periodically review our compensation levels and employee benefits to ensure they remain competitive and have increased them when we believe market conditions warrant it. We may need to further increase our existing compensation levels and employee benefits in response to competition or labor shortages, which would increase our operating costs and reduce our margins. Furthermore, a sustained labor shortage, lack of skilled labor, increased turnover or labor cost inflation (for example, such as that initially caused by the COVID-19 pandemic), or as a result of general macroeconomic factors, could lead to increased costs, which could negatively affect our ability to efficiently operate our overall business and have other adverse effects on our results of operations and financial condition. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In particular, candidates making employment decisions, specifically in our industry, often consider the value of any long-term incentive compensation, including stock-based compensation they may receive in connection with their employment. Any significant volatility in the price of our common stock may adversely affect our ability to attract or retain experienced, highly skilled and technical personnel.

We face potential product liability exposure, and if successful claims are brought against us, we may incur substantial liability for EXPAREL, ZILRETTA, iovera° or any product candidates that we may develop and may have to limit their commercialization.

The use of EXPAREL, ZILRETTA, iovera° and any product candidates that we may develop, license or acquire in clinical trials and the sale of any products for which we obtain regulatory approval expose us to the risk of product liability claims. Product liability claims might be brought against us by consumers, health care providers or others using, administering or selling our products. We have been a party of these suits in the past and may be again in the future. If we cannot successfully defend ourselves against these claims, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- loss of revenue from decreased demand for our products and/or product candidates;
- impairment of our business reputation or financial stability;
- costs of any related litigation;
- substantial monetary awards to patients or other claimants;
- diversion of management attention;
- withdrawal of clinical trial participants and potential termination of clinical trial sites or entire clinical programs; and
- the inability to commercialize our products and/or product candidates.

We have limited product liability insurance coverage for our products and our clinical trials with a $10.0 million annual aggregate coverage limit. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer, including our indemnification obligations to other parties. Moreover, insurance coverage is becoming increasingly expensive, and, in the future, we may not be able to maintain insurance coverage on acceptable terms, at a reasonable cost or in sufficient amounts to protect us against losses due to liability. We intend to expand our insurance coverage to include the sale of additional commercial products upon regulatory approval for our product candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing, or at all. On occasion, large judgments have been awarded in class action lawsuits based on drugs or medical devices that had unanticipated side effects. A successful product liability claim or series of claims brought against us could cause the price of our common stock to fall and, if judgments exceed our insurance coverage, could decrease our cash balance and adversely affect our business.

If we fail to manufacture our products in sufficient quantities and at acceptable quality and pricing levels, or to fully comply with CGMP regulations, we may face delays in the commercialization of these products or be unable to meet market demand, and may lose potential revenues.

The manufacture of our products requires significant expertise and capital investment, including the development of advanced manufacturing techniques, process controls and the use of specialized processing equipment. We must comply with federal, state and foreign regulations, including the FDA's regulations governing CGMP, enforced by the FDA through its facilities inspection program and by similar regulatory authorities in other jurisdictions where we do business. These requirements include, among other things, quality control, quality assurance and the maintenance of records and documentation. The FDA or similar foreign regulatory authorities at any time may implement new standards or change their interpretation and enforcement of existing standards for manufacture, packaging or testing of our products. Any failure by us or our manufacturing partners to comply with applicable regulations may result in fines and civil penalties, suspension of production,

product seizure or recall, operating restrictions, imposition of a consent decree, modification or withdrawal of product approval or criminal prosecution and would limit the availability of our product. Any manufacturing defect or error discovered after products have been produced and distributed also could result in significant consequences, including costly recall procedures, re-stocking costs, damage to our reputation and the potential for product liability claims.

The FDA requires manufacturers of medical devices to adhere to certain regulations, including the FDA's QSRs, which requires periodic audits, design controls, quality control testing and documentation procedures, as well as complaint evaluations and investigations. Regulations regarding the development, manufacture and sale of medical products are evolving and are subject to change in the future.

If we are unable to produce the required commercial quantities of our products to meet market demand those products on a timely basis or at all, or if we fail to comply with applicable laws for the manufacturing of our products, we will suffer damage to our reputation and commercial prospects, we will lose potential revenues and we may be required to expend significant time and resources to resolve any such issues.

We may need to expand our manufacturing operations or outsource such operations to third parties.

To successfully meet future customer demand for EXPAREL, ZILRETTA and iovera°, we may need to expand our existing commercial manufacturing facilities or establish larger-scale commercial manufacturing capabilities. For example, in February 2024 the FDA approved our new, larger-scale manufacturing suite at our Science Center Campus in San Diego, California. In addition, as our drug development pipeline increases and matures, we will have a greater need for clinical trial and commercial manufacturing capacity. As a result, we must continuously improve our manufacturing processes to allow us to reduce our production costs. We may not be able to manufacture our drugs and/or medical devices at a cost or in quantities necessary to be commercially successful.

The build-up or other expansion of our internal manufacturing capabilities for EXPAREL production at our Science Center Campus in San Diego, California and co-production capabilities for EXPAREL and ZILRETTA at Thermo Fisher's Swindon, U.K. site, exposes us to significant up-front fixed costs. If market demand for our products does not align with our expanded manufacturing capacity, we may be unable to offset these costs or achieve economies of scale, and our operating results may be adversely affected as a result of high operating expenses, including overhead. Alternatively, if we experience demand for our products in excess of our estimates, our facilities may be insufficient to support higher production volumes, which could harm our customer relationships and overall reputation. Our ability to meet such excess demand could also depend on our ability to raise additional capital on terms acceptable to us and effectively scale our manufacturing operations.

In addition, the procurement time for the equipment that we use to manufacture EXPAREL and ZILRETTA requires long lead times. Therefore, we may experience delays, additional or unexpected costs and other adverse events in connection with our capacity expansion projects, including those associated with potential delays in the procurement of manufacturing equipment required to manufacture EXPAREL or ZILRETTA.

In addition to expanding our internal manufacturing facilities, we may enter into arrangements with third parties to supply, manufacture, package, test and/or store EXPAREL, ZILRETTA, iovera° or our product candidates, such as our manufacturing arrangements with Thermo Fisher and Amphenol. Entering into such arrangements requires testing and compliance inspections, regulatory agency approvals and development of the processes and facilities necessary for the production of our products. Such arrangements also involve additional risks, many of which would be outside of our control. Such risks include disruptions or delays in production, manufactured products that do not meet our required specifications, the failure of such third-party manufacturers to comply with CGMP regulations or other regulatory requirements, protection of our intellectual property and manufacturing processes, loss of control of our complex manufacturing processes, inabilities to fulfill our commercial needs and financial risks in connection with our investment in setting up a third-party manufacturing process, such as the substantial capital outlays that were required by us to assist in setting up our manufacturing process at Thermo Fisher's facility in Swindon, U.K.

If we are unable to timely achieve and maintain satisfactory production yields and quality, whether through our internal manufacturing capabilities or arrangements with contract manufacturers, our relationships with customers and our reputation may be harmed and our revenues could decrease.

Our inability to continue manufacturing adequate quantities of our products could result in a disruption in the supply to our customers and partners, which could have a material adverse impact on our business and results of operations.

EXPAREL is currently manufactured at our facilities in San Diego, California; both EXPAREL and ZILRETTA are currently manufactured at the Thermo Fisher facility in Swindon, U.K., iovera° handpieces are currently manufactured at our facility in San Diego, California, iovera° Smart Tips are currently manufactured at Amphenol's facility in Tijuana, Mexico, and the diluent for ZILRETTA is currently manufactured at Jubilant's facility in Spokane, Washington. These facilities are the only currently approved sites in the world for manufacturing EXPAREL, ZILRETTA and iovera°. We may experience temporary or prolonged suspensions in production of our products due to issues in our manufacturing process that must be remediated or in

response to inspections conducted by the FDA or similar foreign regulatory authorities, which could have a material adverse effect on our business, financial position and results of operations.

Our San Diego facilities in California, the Thermo Fisher facility in Swindon, U.K., the Amphenol facility in Tijuana, Mexico, and the Jubilant facility in Spokane, Washington, are also subject to the risks of a natural or man-made disaster, including, but not limited to, storms, earthquakes, floods, fires or other business disruptions. In addition, we have obtained limited property and business interruption insurance coverage for our manufacturing sites in San Diego, U.K. and Mexico. However, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. There can be no assurance that we would be able to meet our requirements for EXPAREL, ZILRETTA or iovera° if there were a catastrophic event or failure of our current manufacturing systems. If we are required to change or add a new manufacturer or supplier, the process would likely require prior FDA and/or equivalent foreign regulatory authority approval, would be very time consuming and could be expensive. An inability to continue manufacturing adequate supplies of EXPAREL, ZILRETTA or iovera° at our facilities could result in a disruption in the supply of these products to our customers and partners and a breach of our contractual obligations to such counterparties.

Our co-production and other agreements with Thermo Fisher may involve unanticipated expenses and delays.

We and Thermo Fisher have entered into a Co-Production Agreement, Technical Transfer and Service Agreement and Manufacturing and Supply Agreement. Under these agreements, Thermo Fisher undertook certain technical transfer activities and construction services to prepare their Swindon, U.K. facility for the manufacture of EXPAREL. We agreed with Thermo Fisher, among other things, to provide them with the process equipment necessary to manufacture EXPAREL at this facility.

Prior to the Flexion Acquisition, Flexion and Thermo Fisher entered into the ZILRETTA Manufacturing and Supply Agreement and the ZILRETTA Technical Transfer and Service Agreement related to the manufacture of ZILRETTA at the same Thermo Fisher site in Swindon, U.K. where our EXPAREL suites are located. Thermo Fisher agreed to undertake certain transfer activities and construction services needed to prepare its facility for the commercial manufacture of ZILRETTA in dedicated manufacturing suites. Flexion provided Thermo Fisher with certain equipment and materials necessary to manufacture ZILRETTA at this facility.

The Thermo Fisher facilities required regulatory approval prior to any production and manufacturing of EXPAREL and ZILRETTA. While we have anticipated and budgeted for additional capital expenditures associated with the Thermo Fisher suites for both EXPAREL and ZILRETTA, if the Thermo Fisher suites do not maintain their regulatory approvals (or fail to receive any additional regulatory approvals that may be needed in the future), this could have a material adverse effect on our business, financial position and results of operations.

Further, the production under these agreements involve additional risks, many of which would be outside of our control, such as disruptions or delays in production, manufactured products that do not meet our required specifications, the failure of Thermo Fisher to comply with CGMP regulations or other regulatory requirements, protection of our intellectual property and manufacturing processes, loss of control of our complex manufacturing processes and inabilities to fulfill our commercial needs.

We rely on third parties for the timely supply of specified raw materials and equipment for the manufacture of EXPAREL, ZILRETTA and iovera°. Although we actively manage these third-party relationships to provide continuity and quality, some events which are beyond our control could result in the complete or partial failure of these goods and services. Any such failure could have a material adverse effect on our financial condition and operations.

We purchase certain raw materials and equipment from various suppliers in order to manufacture our products. The acquisition of certain materials may require considerable lead times, and our ability to source such materials is also dependent on logistics providers. If we are unable to source the required raw materials and equipment on a timely basis or receive materials that do not meet our specifications, we may experience delays in manufacturing, which would have a material and adverse impact on our results of operations and financial condition as well as not being able to meet our customers' or partners' demands for our products. Additionally, we have some single sources of supply for certain materials and equipment used in our manufacturing processes. Should the need arise to qualify additional suppliers or change suppliers, we could bear substantial costs and could fail to maintain adequate production levels to meet demand for our products. In addition, we and our third-party suppliers must comply with federal, state and foreign regulations, including CGMP regulations, and any failure to comply with applicable regulations, or failure of government agencies to provide necessary authorizations, may harm our ability to manufacture and commercialize our products on a timely and competitive basis, which could result in decreased product sales and lower revenues.

We may also experience additional disruptions that could severely impact our supply chain, such as those caused by the COVID-19 pandemic, which would disrupt our clinical trials and commercialization efforts. To the extent that our vendors are unable to comply with their obligations under our agreements or cannot deliver goods or services timely, our ability to continue meeting commercial demand for our products or advancing development of our product candidates may become impaired.

Furthermore, raw materials and supplies needed to manufacture COVID-19 vaccines were backed by government mandate orders, which previously impacted our suppliers' ability to supply critical raw materials for our products. There can be no assurances that similar government mandates will not occur in the future or that critical raw materials will not be prioritized for other products.

Supply chain disruptions could interrupt product manufacturing and global logistics and increase product costs.

We rely on international shipping to receive certain raw materials and to transport our products to their various geographic markets. Delays in shipping may cause us to use more expensive expedited freight methods to ship our products or receive raw materials. For example, the COVID-19 pandemic and related governmental actions caused delays in shipments. During the COVID-19 pandemic, we experienced increased lead-times for obtaining raw materials, including those caused by temporary closures and worker shortages. In addition, global inflation has contributed to already higher incremental freight costs and such inflation may continue to result in further increases in freight costs. Any tariffs imposed on imported goods may also raise the cost of certain raw materials and other property, plant and equipment costs. Failure to adequately produce and timely ship our products to customers could lead to lost potential revenue, failure to meet customer demand and strained relationships with customers—including wholesalers. Failure to adequately procure raw materials or equipment or produce and timely ship our products to customers could lead to lost potential revenue, failure to meet customer demand and strained relationships with our customers—including wholesalers. Despite our actions to mitigate these impacts and the pressures related to the COVID-19 pandemic having eased, we may still be impacted by global logistics challenges in the future.

Our operations are dependent on the global supply chain and impacts of supply chain constraints and inflationary pressure could adversely impact our operating results.

Our operations have in the past been, and may continue to be in the future, impacted by supply chain constraints and raw material shortages, resulting in increased material costs, longer lead times and increased freight costs, the uncertain economic environment and macroeconomic trends. In addition, current or future governmental policies, including the imposition of tariffs, may increase the risk of inflation, which could further increase the costs of raw materials and components for our business. Tariffs can increase our manufacturing costs and if costs of goods continue to increase, our suppliers may seek price increases from us. If we are unable to mitigate the impact of supply chain constraints and inflationary pressure through price increases or other measures, our results of operations and financial condition could be negatively impacted. Even though we are working to alleviate supply chain constraints through various measures, we are unable to predict the impact of these constraints on the timing of revenue and operating costs of our business in the near future. Raw material supply shortages and supply chain constraints, including cost inflation, have impacted and could continue to negatively impact our ability to meet increased demand, which in turn could impact our net sales revenues and market share. We expect the situation to remain fluid as foreign exchange rates fluctuate and as inflationary pressure continues.

Our future growth depends—in part—on our ability to identify, develop, acquire or in-license products and if we do not successfully identify, develop, acquire or in-license related product candidates or integrate them into our operations, we may have limited growth opportunities.

An important part of our business strategy is to continue to develop a pipeline of product candidates by developing, acquiring or in-licensing products, businesses or technologies that we believe are a strategic fit with our focus on the hospital marketplace. However, these business activities may entail numerous operational and financial risks, including:

- significant capital expenditures;
- the difficulty or inability to secure financing to fund development activities for such development, acquisition or in-licensed products or technologies;
- the incurrence of substantial debt or dilutive issuances of securities to pay for the development, acquisition or in-licensing of new products and any related milestone or earn-out payments;
- the successful integration of acquired products, businesses or technologies into our operations, and achieving the expected benefits and synergies from such acquisitions;
- the disruption of our business and diversion of our management's time and attention;
- higher than expected development, acquisition or in-license and integration costs;
- exposure to unknown liabilities;
- the difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel;
- the inability to retain key employees of any acquired businesses;
- the difficulty entering markets in which we have limited or no direct experience;

- the difficulty in managing multiple product development programs; and
- the inability to successfully develop new products or clinical failure.

We have limited resources to identify and execute the development, acquisition or in-licensing of products, businesses and technologies and integrate them into our current infrastructure. We may compete with larger pharmaceutical and medical device companies and other competitors, including public and private research organizations, academic institutions and government agencies, in our efforts to establish new collaborations and in-licensing opportunities. These competitors may have access to greater financial resources and larger R&D staffs and facilities than us and may have greater expertise in identifying and evaluating new opportunities. We may not be successful in locating and acquiring or in-licensing additional desirable product candidates on acceptable terms or at all. We may also not be successful in developing or commercializing our current product candidates. Such efforts may require the dedication of significant financial and personnel resources, and any diversion of resources may also disrupt our management from expanding on EXPAREL, ZILRETTA or iovera° net product sales. Moreover, we may devote resources to potential development, acquisitions or in-licensing opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts.

We make substantial investments in research and development and unsuccessful investments could materially adversely affect our business, financial condition and results of operations.

The industry in which we compete is characterized by intense competition, rapid technological change, changes in customer requirements, frequent new product introductions and enhancements, evolving industry standards and new therapeutic delivery methods. In order to remain competitive, we have made, and expect to continue to make, significant investments in R&D. If we fail to develop new and enhanced products and technologies, if we focus on products and technologies that do not become widely adopted, or if new competitive products and technologies that we do not support become widely accepted, demand for our products may be reduced. Increased investments in R&D or unsuccessful R&D efforts could cause our cost structure to fall out of alignment with the demand for our products, which would have a negative impact on our business, financial condition and results of operations.

Our business involves the use of hazardous materials and we must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

Our manufacturing activities involve the controlled storage, use and disposal of hazardous materials, including the components of our products, product candidates and other hazardous compounds. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling, release and disposal of, and exposure to, these hazardous materials. Violation of these laws and regulations could lead to substantial fines and penalties. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental contamination or injury from these materials or unintended failure to comply with these laws and regulations. In the event of an accident or failure to comply with these laws and regulations, federal, state or local authorities may curtail our use of these materials and interrupt our business operations. In addition, we could become subject to potentially material liabilities relating to the investigation and cleanup of any contamination, whether currently unknown or caused by future releases.

Any collaboration arrangements that we may enter into in the future may not be successful, which could adversely affect our ability to develop and commercialize our product candidates.

Our business model is to commercialize our products in the U.S. while seeking collaboration arrangements with pharmaceutical or biotechnology companies for the development or commercialization of our products in other countries. Accordingly, we may enter into collaboration arrangements in the future on a selective basis. Any future collaboration arrangements that we enter into may not be successful. The success of our collaboration arrangements will depend heavily on the efforts and activities of our collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaboration arrangements.

Disagreements between parties to a collaboration arrangement regarding clinical development and commercialization matters can lead to delays in the development process or commercializing the applicable product candidate(s) and, in some cases, termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither of the parties has final decision-making authority.

Collaborations with pharmaceutical and/or medical device companies and other third parties often are terminated or allowed to expire by the other party. Any such termination or expiration would adversely affect us financially and could harm our business reputation.

Clinical trials are expensive, lengthy and have uncertain outcomes, and results of earlier studies and trials may not be predictive of future trial results. Clinical trials may fail to demonstrate the safety and efficacy of our drug products or medical devices, which could prevent or significantly delay obtaining regulatory approval.

Prior to receiving approval to commercialize any of our drug products or medical devices, we must demonstrate with scientifically appropriate and statistically sound evidence from well-controlled clinical trials, and to the satisfaction of the FDA and other regulatory authorities, that each of the products are both safe and effective. For each drug product, we will need to demonstrate its efficacy and monitor its safety throughout the process. Clinical trials are expensive and can take many years to complete, and their outcomes are inherently uncertain. If such development is unsuccessful, our business and reputation would be harmed and our stock price would be adversely affected.

All of our drug and medical device products are prone to the risks of failure inherent in development. Clinical trials of new drug and medical device products sufficient to obtain regulatory approval are expensive and take years to complete. We may not be able to successfully complete clinical testing within the time frame we have planned, or at all. We may experience numerous unforeseen events during, or as a result of, the clinical trial process which could delay or prevent us from receiving regulatory approval or commercializing our products. In addition, the results of preclinical studies and early-stage clinical trials of our products do not necessarily predict the results of later-stage clinical trials. Later-stage clinical trials may fail to demonstrate that a product is safe and effective despite having progressed through initial clinical testing. Even if we believe the data collected from clinical trials of our products is promising, such data may not be sufficient to support approval by regulatory agencies. Preclinical and clinical data can be interpreted in different ways, and results generated in our completed clinical trials do not ensure that any future clinical trials will be successful or consistent with the results generated in previous trials.

Accordingly, regulatory authorities could interpret such data in different ways than we or our partners do, which could delay, limit or prevent regulatory approval. Regulatory authorities, our institutional review boards, our contract research organizations, or CROs, or we ourselves may suspend or terminate our clinical trials for our drug products and medical devices. Any failure or significant delay in completing clinical trials for our drug products or medical devices, or in receiving regulatory approval for the sale of any of our drugs or medical devices, may severely harm our business and reputation. Even if we receive regulatory approvals, our drug and medical device products may later exhibit adverse effects that may limit or prevent their widespread use, may cause a regulatory authority to revoke, suspend or limit their approval, or may force us to withdraw products derived from those drug or medical device products from the market.

Our dependence on contract research organizations could result in delays in and additional costs for our drug or medical device development efforts.

We may rely on CROs to perform preclinical testing and clinical trials for drug or medical device candidates that we choose to develop without a collaborator. If the CROs that we hire to perform our preclinical testing and clinical trials or our collaborators or licensees do not meet deadlines, do not follow proper procedures or a conflict arises between us and our CROs, our preclinical testing and clinical trials may take longer than expected, may be delayed or may be terminated. If we were forced to find a replacement CRO to perform any of our preclinical testing or clinical trials, we may not be able to find a suitable replacement on favorable terms, if at all. Even if we were able to find another CRO to perform a preclinical test or clinical trial, any material delay in a test or clinical trial may result in significant additional expenditures that could adversely affect our operating results. Events such as these may also delay regulatory approval for our drug or medical device candidates or our ability to commercialize our products.

We depend on clinical investigators and clinical sites to enroll patients in our clinical trials and sometimes other third parties to manage the trials and to perform related data collection and analysis, and, as a result, we may face costs and delays outside of our control.

We rely on clinical investigators and clinical sites to enroll patients and sometimes third parties to manage our trials and to perform related data collection and analysis. However, we may be unable to control the amount and timing of resources that the clinical sites which conduct the clinical testing may devote to our clinical trials.

Our clinical trials may be delayed or terminated due to the inability of our clinical investigators to enroll enough qualified patients. Patient enrollment depends on many factors, including the size of the patient population, the nature of the trial protocol, the proximity of patients to clinical sites and the eligibility criteria for the trial. If our clinical investigators and clinical sites fail to enroll a sufficient number of patients in our clinical trials or fail to enroll them on our planned schedule, we may face increased costs, delays or termination of the trials, which could delay or prevent us from obtaining regulatory approvals for our product candidates.

Our agreements with clinical investigators and clinical sites for clinical testing and for trial management services place substantial responsibilities on these parties, which could result in delays in, or termination of, our clinical trials if these parties fail to perform as expected. For example, if any of our clinical trial sites fail to comply with FDA-approved GCPs, we may be unable to use the data gathered at those sites. If these clinical investigators, clinical sites or other third parties do not carry out their contractual duties or obligations or fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical protocols or for other reasons, our clinical trials may be

extended, delayed or terminated, and we may be unable to obtain regulatory approval for, or successfully commercialize, our product candidates.

We are subject to periodic litigation, which could result in losses or unexpected expense of time and resources.

From time to time, we are called upon to defend ourselves against lawsuits relating to our business and intellectual property. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome in these or other proceedings could have an adverse impact on our business, financial condition and results of operations. In addition, any significant litigation in the future, regardless of its merits, could divert management's attention and resources from our operations that are needed to successfully run our business and also result in substantial legal fees. In addition, if our stock price is volatile, we may become involved in securities class action lawsuits in the future.

For information about our legal proceedings, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

Guidelines and recommendations published by various organizations could reduce the demand for or use of our products.

Government agencies promulgate regulations and guidelines directly applicable to us and to our products and product candidates. In addition, professional societies, practice management groups, private health and science foundations and other organizations from time to time may publish papers, guidelines or recommendations to the healthcare and patient communities with respect to specific products or classes of products. Recommendations of government agencies or these other groups or organizations may relate to such matters as usage, dosage, route of administration and use of concomitant therapies. Recommendations or guidelines that do not recognize a product, suggest limitations or inadequacies of a product or suggest the use of competitive or alternative products as the standard of care to be followed by patients and healthcare providers could result in decreased use or adoption of any of our products which could have an adverse impact on our business, financial condition and results of operations.

Regulatory Risks

Our business could be materially adversely affected if a regulatory or enforcement agency determines that we are promoting or have in the past promoted the "off-label" use of our products.

The marketing, labeling, advertising and promotion of prescription drugs and medical devices is strictly regulated. These regulations include standards and restrictions for direct-to-consumer advertising, industry-sponsored scientific and educational activities, promotional activities involving the internet and off-label promotion. According to these regulations, companies may not promote drugs or medical devices for "off-label" uses—that is—uses that are not consistent with the product's labeling and that differ from those that were approved by the FDA, EMA, MHRA or other regulatory agency. For example, the FDA-approved label for EXPAREL does not include an indication in obstetrical paracervical block anesthesia. In addition to the FDA approval required for new formulations or device enhancements, any new indication for an approved product also requires FDA approval. If we are not able to obtain regulatory approval for any desired future indications for our products and product candidates, our ability to effectively market and sell our products may be reduced and our business may be adversely affected.

As an example, while physicians may choose, and are generally permitted to prescribe drugs and/or medical devices for uses that are not described in the product's labeling and for uses that differ from those tested in clinical trials and approved by a regulatory authority, our ability to promote the products is narrowly limited to those indications that are approved by the FDA or other regulatory agency. "Off-label" uses are common across medical specialties and may constitute an appropriate treatment for some patients in varied circumstances. Regulatory authorities generally do not regulate the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical and medical device companies on the subject of off-label use. Although recent court decisions suggest that certain off-label promotional activities may be protected under the First Amendment of the U.S. Constitution, the scope of such protection is unclear. Moreover, while we promote our products consistent with what we believe to be the approved indication for our drugs and medical devices, regulators may disagree. If a regulatory agency determines that our promotional activities fail to comply with their regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, our failure to follow rules and guidelines relating to promotion and advertising may cause a regulatory body to issue warning letters or untitled letters, bring an enforcement action against us, suspend or withdraw an approved product from the market, require a recall or institute fines or civil fines, or could result in disgorgement of money, operating restrictions, injunctions or criminal prosecution, any of which could harm our reputation and our business.

For example, in September 2014, we received a warning letter from the FDA's Office of Prescription Drug Promotion (OPDP) pertaining to certain promotional aspects of EXPAREL. We took actions to immediately address the FDA's concerns and minimize further disruption to our business. Ultimately, however, in September 2015, we, along with two independent physicians, filed a lawsuit in federal court against the FDA and other governmental defendants seeking to exercise our lawful

rights to communicate truthful and non-misleading information about EXPAREL. The complaint outlined our belief that the FDA's warning letter received in September 2014 and regulations restricting our truthful and non-misleading speech about EXPAREL violated the Administrative Procedure Act and the First and Fifth Amendments of the U.S. Constitution. The lawsuit sought a declaration and injunctive relief to permit us to promote EXPAREL consistent with its approved indication and pivotal trials that supported FDA approval. In December 2015, we announced that the FDA had formally withdrawn the September 2014 Warning Letter via a "Rescission Letter," and that the FDA and Pacira had reached an amicable resolution of the lawsuit. As part of the resolution of this matter, the FDA confirmed that EXPAREL was broadly approved for "administration into the surgical site to produce postsurgical analgesia" in a variety of surgeries not limited to those studied in its pivotal trials. The FDA also approved a labeling supplement for EXPAREL that further clarified that EXPAREL was not limited to any specific surgery type or site, that the proper dosage and administration of EXPAREL is based on various patient and procedure-specific factors, that there was a significant treatment effect for EXPAREL compared to placebo over the first 72 hours in the pivotal hemorrhoidectomy trial and that EXPAREL may be admixed with bupivacaine, provided certain medication ratios are observed. The Warning Letter and labeling supplement only applied to the infiltration indication that was approved at that time, and does not apply to the interscalene brachial plexus nerve block indication subsequently approved by the FDA in April 2018, the use of EXPAREL in patients six years of age and older for single-dose infiltration to produce postsurgical local analgesia that was approved by the FDA in March 2021 and the indications for adductor canal block and sciatic nerve block in the popliteal fossa that were FDA approved in November 2023. We and the FDA agreed that, in future interactions, the parties will deal with each other in an open, forthright and fair manner.

In April 2015, we received a subpoena from the U.S. Department of Justice, U.S. Attorney's Office for the District of New Jersey, requiring the production of a broad range of documents pertaining to marketing and promotional practices related to EXPAREL. In July 2020, we formally entered into settlement agreements that resolved all outstanding investigations and claims by the U.S. Department of Justice, the U.S. of Health and Human Services, various States Attorneys' General and a private plaintiff (the "Plaintiffs"). This agreement concluded a five-year investigation related to the sale and marketing of EXPAREL. Under the various settlement agreements, we paid a global settlement of $3.5 million. As part of the settlement, we admitted to no wrongdoing and explicitly denied the Plaintiffs' allegations. We have been given assurances that this settlement concluded the investigation that originated from the U.S. Department of Justice subpoena in April 2015.

We are unable to predict whether any future regulatory actions will have an effect on our product sales, and even if such actions are ultimately resolved favorably, our sales may suffer due to reputational or other concerns. We can make no assurances that we will not receive warning letters in the future from the FDA or other regulatory authority or be subject to other regulatory action. As noted above, any regulatory violation or allegations of a violation may have a material adverse effect on our reputation and business.

We may not receive regulatory approval for any of our product candidates, or the approval may be delayed for various reasons, including successful challenges to the FDA's interpretation of Section 505(b)(2), which would have a material adverse effect on our business and financial condition.

We may experience delays in our efforts to obtain regulatory approval from the FDA for any of our product candidates, and there can be no assurance that such approval will not be delayed, or that the FDA will ultimately approve these product candidates. Although the FDA's longstanding position has been that the agency may rely upon prior findings of safety or effectiveness to support approval of a 505(b)(2) application, this policy has been controversial and subject to challenge in the past. If the FDA's policy is successfully challenged administratively or in court, we may be required to seek approval of our products via full NDAs that contain a complete data package demonstrating the safety and effectiveness of our product candidates, which would be time-consuming, expensive and would have a material adverse effect on our business and financial condition.

The FDA, as a condition of the EXPAREL NDA approval in October 2011, has required us to study EXPAREL in pediatric patients as a post-marketing requirement. We have agreed to a trial timeline where we will study successive pediatric patient subpopulations. In December 2019, we announced positive results for our extended pharmacokinetic and safety study for local analgesia in children aged 6 to 17 undergoing cardiovascular or spine surgeries. Those positive results provided the foundation for an sNDA submission which was approved by the FDA in March 2021. Additionally, we are in negotiations with the FDA and EMA for clarity on other pediatric study obligations for children aged zero to less than six years old. In October 2023, we received notification from the FDA that our pediatric studies requirement had been waived for the indication of brachial plexus interscalene nerve block to produce postsurgical regional analgesia in pediatric patients and in October 2024, we received notification from the FDA that our pediatric studies requirement had been waived for the indications of sciatic nerve block in the popliteal fossa and adductor canal block indications. The EMA waived our pediatric studies requirement in March 2025. These trials will be expensive and time consuming and we are required to meet the timelines for submission of protocols and data and for completion as agreed with the FDA and EMA, and we may be delayed in meeting such timelines. We are required to conduct these trials even if we believe that the costs and potential benefits of conducting the trials are not warranted from a scientific or financial perspective. The failure to conduct these pediatric trials or to meet applicable deadlines

could result in the imposition of sanctions, including, among other things, issuance of warnings letters or imposition of seizures or injunctions. For more information regarding our pediatric study obligations, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

For iovera° and any other potential medical device, we must obtain clearance or approval from the FDA or other regulatory authorities prior to introducing a new product or a modification to an existing product. The regulatory clearance process may result in substantial delays, unexpected or additional costs and other unforeseen factors and limitations on the types and uses of products we would be able to commercialize, any of which could have a material adverse effect on our business and financial condition.

In the U.S., before we are able to market a new medical device, or a new use, claim for, or significant modification to an existing medical device, we generally must first receive clearance or approval from the FDA and certain other regulatory authorities. Many foreign jurisdictions outside the U.S. also require clearance, approval or compliance with certain standards before a medical device or other product can be marketed. The process of obtaining regulatory clearances and approvals to market a medical device can be costly, time consuming, involve rigorous preclinical and clinical testing, require changes in products or result in limitations on the indicated uses of products. There can be no assurance that these clearances and approvals will be granted on a timely basis, if at all. In addition, once a medical device has been cleared or approved, a new clearance or approval may be required before the medical device may be modified, its labeling changed or marketed for a different use. Medical devices are cleared or approved for one or more specific intended uses and promoting a device for an off-label use could result in government enforcement action. Furthermore, a product approval or clearance can be withdrawn or limited due to unforeseen problems with the medical device or issues relating to its application. The regulatory clearance and approval process may result in, among other things, delayed, if at all, realization of product net sales, substantial additional costs and limitations on the types of products we may bring to market or their indicated uses, any one of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

A regulatory authority may determine that our products or any of our product candidates have undesirable side effects.

If concerns are raised regarding the safety of a new product candidate as a result of undesirable side effects identified during clinical testing, a regulatory authority may decline to approve the drug or medical device or issue a letter requesting additional data or information prior to making a final decision regarding whether or not to approve the product. Undesirable side effects caused by our products or any product candidate could also result in the inclusion of unfavorable information in our product labeling, imposition of distribution or use restrictions, a requirement to conduct post-market studies or to implement a risk evaluation and mitigation strategy, denial, suspension or withdrawal of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications, and in turn prevent us from commercializing and generating revenues from the sale of EXPAREL, ZILRETTA, iovera° or any product candidate.

For example, the side effects observed in the EXPAREL clinical trials completed to date include nausea and vomiting. In addition, the class of drugs that EXPAREL belongs to has been associated with nervous system and cardiovascular toxicities at high doses. We cannot be certain that these side effects and others will not be observed in the future, or that regulatory authorities will not require additional trials or impose more severe labeling restrictions due to these side effects or other concerns. The active component of EXPAREL is bupivacaine, and bupivacaine infusions have been associated with the destruction of articular cartilage, or chondrolysis. Chondrolysis has not been observed in clinical trials of EXPAREL, but we cannot be certain that this side effect will not be observed in the future.

Following approval of EXPAREL, ZILRETTA, iovera° or any of our product candidates, if we or others later identify previously unknown undesirable side effects caused by such products, if known side effects are more frequent or severe than in the past, or if we or others detect unexpected safety signals for such products or any products perceived to be similar to such products:

- regulatory authorities may require the addition of unfavorable labeling statements, specific warnings or contraindications (including boxed warnings);
- regulatory authorities may suspend or withdraw their approval of the product, or require it to be removed from the market;
- regulatory authorities may impose restrictions on the distribution or use of the product;
- we may be required to change the way the product is administered, conduct additional clinical trials, reformulate the product, change the labeling of the product or change or obtain re-approvals of manufacturing facilities;
- sales of the product may be significantly decreased versus projected sales;
- we may be subject to government investigations, product liability claims and litigation; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of our products or any of our product candidates and could substantially increase our commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenues from its sale.

If we do not comply with federal, state and foreign laws and regulations relating to the health care business, we could face substantial penalties.

We and our customers are subject to extensive regulation by the federal government, and the governments of the states and foreign countries in which we may conduct our business. In the U.S., the laws that directly or indirectly affect our ability to operate our business include the following:

- the Federal Anti-Kickback Law, which prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration—directly or indirectly—in cash or in kind, to induce either the referral of an individual or furnishing or arranging for a good or service for which payment may be made under federal health care programs such as Medicare and Medicaid;
- other Medicare laws and regulations that prescribe the requirements for coverage and payment for services performed by our customers, including the amount of such payment;
- the Federal False Claims Act, which imposes civil and criminal liability on individuals and entities who submit, or cause to be submitted, false or fraudulent claims for payment to the government;
- the Federal False Statements Act, which prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with delivery of or payment for health care benefits, items or services; and
- various state laws that impose similar requirements and liability with respect to state healthcare reimbursement and other programs.

If our operations are found to be in violation of any of the laws and regulations described above or any other law or governmental regulation to which we or our customers are or will be subject, we may be subject to civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs and the curtailment or restructuring of our operations. Similarly, if our customers are found to be non-compliant with applicable laws, they may be subject to sanctions, which could also have a negative impact on us. Any penalties, damages, fines, curtailment or restructuring of our operations would adversely affect our ability to operate our business and our financial results. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and damage our reputation.

The design, development, manufacture, supply and distribution of our products are highly regulated and technically complex.

The design, development, manufacture, supply and distribution of our products are all highly regulated. We, along with our third-party providers, must comply with all applicable regulatory requirements of the FDA and foreign regulatory authorities. In addition, the facilities used to manufacture, store and distribute our products are subject to inspection by regulatory authorities at any time to determine compliance with applicable regulations.

The manufacturing techniques and facilities used for the manufacture and supply of our products must be operated in conformity with CGMP and other FDA, EMA and MHRA regulations, including potentially prior regulatory approval. In addition, any expansion of our existing manufacturing facilities or the introduction of any new manufacturing facilities, including the manufacturing suites at the Thermo Fisher and Amphenol facilities, also require conformity with CGMP and other FDA, EMA and MHRA regulations. In complying with these requirements, we, along with our co-production partners and suppliers, must continually expend time, money and effort in production, record keeping and quality assurance and control to ensure that our products meet applicable specifications and other requirements for safety, efficacy and quality. In addition, we, along with our co-production partners and suppliers, are subject to unannounced inspections by the FDA, EMA, MHRA and other regulatory authorities.

Any failure to comply with regulatory and other legal requirements applicable to the manufacture, supply and distribution of our products could lead to remedial action (such as recalls), civil and criminal penalties and delays in manufacture, supply and distribution of our products.

The design, development, manufacture, supply and distribution of our products are all highly complex. If we are unable to manufacture our products in compliance with our highly complex specifications in the future, we may be subject to product exchanges, significant costs and charges, supply constraints or other corrective measures.

If we fail to comply with the extensive regulatory requirements to which we and our products are subject, such products could be subject to restrictions or withdrawal from the market and we could be subject to penalties.

The testing, manufacturing, quality control, labeling, safety, effectiveness, advertising, promotion, storage, sales, distribution, import, export and marketing, among other things, of EXPAREL, ZILRETTA, iovera° and our product candidates are subject to extensive regulation by governmental authorities in the U.S. and elsewhere throughout the world. Quality control and manufacturing procedures regarding our products and product candidates must conform to CGMP. Regulatory authorities, including but not limited to the FDA, EMA and MHRA, periodically inspect manufacturing facilities to assess compliance with CGMP. Our failure, or the failure of any contract manufacturers with whom we may work in the future, to comply with the laws administered by the FDA, EMA, the MHRA or other governmental authorities could result in, among other things, any of the following:

- product recall or seizure;
- suspension or withdrawal of an approved product from the market;
- interruption of production;
- reputational concerns of our customers or the medical community;
- operating restrictions;
- warning letters;
- injunctions;
- refusal to permit import or export of an approved product;
- refusal to approve pending applications or supplements to approved applications that we submit;
- denial of permission to file an application or supplement in a jurisdiction;
- consent decrees;
- suspension or termination of ongoing clinical trials;
- fines and other monetary penalties;
- criminal prosecutions; and
- unanticipated expenditures.

If the government or third-party payers fail to provide adequate coverage and payment rates for EXPAREL, ZILRETTA, iovera° or any future products, or if hospitals or ASCs choose to use alternative therapies that are less expensive, our revenue and prospects for profitability will be limited.

In both domestic and foreign markets, sales of our existing products and any future products will depend in part upon the availability of coverage and reimbursement from third-party payers. Such third-party payers include government health programs such as Medicare and Medicaid, managed care providers, private health insurers and other organizations. Coverage decisions may depend upon clinical and economic standards that disfavor new drug products when more established or lower cost therapeutic alternatives are already available or subsequently become available. Assuming coverage is approved, the resulting reimbursement payment rates might not be adequate. In particular, many U.S. hospitals and ASCs receive a fixed reimbursement amount per procedure for certain surgeries and other treatment therapies they perform. Because this amount may not be based on the actual expenses the hospital or ASC incurs, these sites may choose to use therapies which are less expensive when compared to our product candidates. Although hospitals and ASCs may receive separate reimbursement for EXPAREL, ZILRETTA, iovera° or any product candidates that we may develop, in-license or acquire, if approved, will face competition from other therapies and drugs for these limited hospital and ASC financial resources. We may need to conduct post-marketing studies in order to demonstrate the cost-effectiveness of any future products to the satisfaction of hospitals, ASCs, other target customers and their third-party payers. Such studies might require us to commit a significant amount of management time, financial and other resources. Our future products might not ultimately be considered cost-effective. Adequate third-party coverage and reimbursement might not be available to enable us to maintain price levels sufficient to realize an appropriate return on investment in product development.

Third-party payers, whether foreign or domestic, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. For example, the 340B Drug Pricing Program requires pharmaceutical manufacturers that participate in Medicaid to enter into a PPA with the Secretary of Health and Human Services. Under the PPA, the manufacturer agrees to provide front-end discounts on covered outpatient drugs purchased by specified providers, called “covered entities,” that serve the nation’s most vulnerable patient populations. Any expansion of such covered entities or

changes to the Medicaid rebate formula may cause the required 340B discount to increase, resulting in increased revenue leakage.

Additionally, third-party payers may limit the indications or circumstances for which our products will be reimbursed to a smaller set of indications or circumstances than we believe is appropriate. In addition, in the U.S., no uniform policy of coverage and reimbursement for drug or medical device products exists among third-party payers. Therefore, coverage and reimbursement for drug products can differ significantly from payer to payer.

Further, barring separate reimbursement for qualifying non-opioids administered to Medicare surgical patients in the outpatient setting as mandated by NOPAIN, we believe that future coverage and reimbursement will likely be subject to increased restrictions both in the U.S. and in international markets, as federal, state and foreign governments continue to propose and pass new legislation designed to reduce or contain the cost of healthcare. Third-party coverage and reimbursement for our products or product candidates for which we receive regulatory approval may not be available or adequate in either the U.S. or international markets, which could have a negative effect on our business, results of operations, financial condition and prospects.

Public concern regarding the safety of drug products such as EXPAREL and ZILRETTA and medical device products such as iovera° could result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs.

In light of widely publicized events concerning the safety risk of certain drug products, the FDA, members of Congress, the Government Accountability Office, medical professionals and the general public have raised concerns about potential drug and medical device safety issues. These events have resulted in the withdrawal of drug and medical device products, revisions to labeling that further limits use of the drug and medical device products and the establishment of risk management programs that may, for example, restrict distribution of drug or medical device products after approval. The Food and Drug Administration Amendments Act of 2007, or FDAAA, grants significant expanded authority to the FDA, much of which is aimed at improving the safety of drug and medical device products before and after approval. In particular, the FDAAA authorizes the FDA to, among other things, require post-approval studies and clinical trials, mandate changes to product labeling to reflect new safety information and require risk evaluation and mitigation strategies for certain drugs and medical devices, including certain currently approved drugs and medical devices. The FDAAA also significantly expands the federal government's clinical trial registry and results databank, which we expect will result in significantly increased government oversight of clinical trials. Under the FDAAA, companies that violate these and other provisions of the new law are subject to substantial civil monetary penalties, among other regulatory, civil and criminal penalties. The increased attention to drug safety issues may result in a more cautious approach by the FDA in its review of data from our clinical trials. Data from clinical trials may receive greater scrutiny, particularly with respect to safety, which may make the FDA or other regulatory authorities more likely to require additional preclinical studies or clinical trials. If the FDA or any other regulatory agency requires us to provide additional clinical or preclinical data for EXPAREL, ZILRETTA or iovera°, the indications for which these products were approved may be limited or there may be specific warnings or limitations on dosing, and our efforts to commercialize EXPAREL, ZILRETTA or iovera° may be otherwise adversely impacted.

Risks Related to Intellectual Property

The patents and the patent applications that we have covering our pMVL products are limited to specific injectable formulations, processes and uses of drugs encapsulated in our pMVL drug delivery technology and our market opportunity for our product candidates may be limited by the lack of patent protection for the active ingredient itself and other formulations and delivery technologies and systems that may be developed by competitors.

The active ingredient in EXPAREL is bupivacaine. Patent protection for the bupivacaine molecules themselves has expired and generic immediate-release products are available. As a result, competitors who obtain the requisite regulatory approval can offer products with the same active ingredient as EXPAREL so long as the competitors do not infringe any process, use or formulation patents that we have developed for drugs encapsulated in our pMVL drug delivery technology.

For example, we are aware of at least one FDA-approved long-acting instillable bupivacaine product on the market which utilizes an alternative delivery system to EXPAREL. Such a product is similar to EXPAREL in that it also extends the duration of effect of bupivacaine, but achieves this clinical outcome using a completely different drug delivery system as compared to our pMVL drug delivery technology.

The number of patents and patent applications covering products in the same field as EXPAREL indicates that competitors have sought to develop and may seek to market competing formulations that may not be covered by our patents and patent applications. The commercial opportunity for EXPAREL could be significantly harmed if competitors are able to develop and commercialize alternative formulations of bupivacaine that are long-acting but outside the scope of our patents.

For instance, because EXPAREL has been approved by the FDA, one or more third parties may challenge the patents covering this product, as described below, which could result in the invalidation or unenforceability of some or all of the relevant patent claims. For example, if a third-party files an ANDA for a generic drug product containing bupivacaine and relies in whole or in part on studies conducted by or for us, the third-party will be required to certify to the FDA that either: (i) there is no patent information listed in the FDA's Orange Book with respect to our NDA for EXPAREL; (ii) the patents listed in the Orange Book have expired; (iii) the listed patents have not expired, but will expire on a particular date and approval is sought after patent expiration or (iv) the listed patents are invalid or will not be infringed by the manufacture, use or sale of the third-party's generic drug product. A certification that the new product will not infringe the Orange Book-listed patents for EXPAREL, or that such patents are invalid, is called a Paragraph IV certification. If the third-party submits a Paragraph IV certification to the FDA, a notice of the Paragraph IV certification must also be sent to us once the third-party's ANDA is accepted for filing by the FDA. We may then initiate a lawsuit to defend the patents identified in the notice. The filing of a patent infringement lawsuit within 45 days of receipt of the notice automatically prevents the FDA from approving the third-party's ANDA until the earliest of 30 months or the date on which the patent expires, the lawsuit is settled or the court reaches a decision in the infringement lawsuit in favor of the third-party. If we do not file a patent infringement lawsuit within the required 45-day period, the third-party's ANDA will not be subject to the 30-month stay. Litigation or other proceedings to enforce or defend intellectual property rights are often very complex in nature, may be very expensive and time-consuming, may divert our management's attention from our core business and may result in unfavorable results that could adversely impact our ability to prevent third parties from competing with our products.

For example, in October 2021, we received a Notice Letter advising that eVenus Pharmaceutical Laboratories, Inc., or eVenus, of Princeton, New Jersey, submitted to the FDA an ANDA with a Paragraph IV certification seeking authorization for the manufacturing and marketing of a generic version of EXPAREL (266 mg/20 mL) in the U.S. prior to the expiration of U.S. Patent No. 11,033,495 (the '495 patent).

In November 2021, we filed a patent infringement suit against eVenus and its parent company (Jiangsu Hengrui Pharmaceuticals Co. Ltd., or Jiangsu Hengrui) in the U.S. District Court for the District of New Jersey (21-cv-19829) asserting infringement of the '495 patent. This triggered an automatic 30-month stay of final approval of the eVenus ANDA. In January 2022, eVenus filed an Answer with counterclaims to the Complaint, alleging the '495 patent is invalid and/or not infringed through the manufacture, sale, or offer for sale of the product described in product described in eVenus's ANDA submission.

In December 2021, we received a second Notice Letter advising that eVenus submitted to the FDA an amendment to its ANDA with a Paragraph IV Certification seeking authorization for the manufacturing and marketing of a generic version of EXPAREL (133 mg/10 mL) in the U.S. prior to the expiration of the '495 patent. In the Notice Letter, eVenus also advised that it submitted a Paragraph IV Certification to the FDA seeking authorization for the manufacturing and marketing of a generic version of EXPAREL (266 mg/20 mL and 133 mg/10 mL) in the U.S. prior to the expiration of U.S. Patent No. 11,179,336 (the '336 patent). eVenus further alleges in the Notice Letter that both the '495 patent and the '336 patent are invalid and/or not infringed.

In February 2022, we filed a second patent infringement suit against eVenus and Jiangsu Hengrui in the U.S. District Court for the District of New Jersey (22-cv-00718) asserting that the 133 mg/10 mL ANDA product will infringe the '495 and '336 patents and that the 266 mg/20 mL ANDA product will infringe the '336 patent. This filing triggered a second automatic 30-month stay of final approval for the 133 mg/10 mL ANDA product.

In February 2023, eVenus filed its first amended answer to the first amended complaint, alleging patent invalidity, non-infringement and inequitable conduct. We have denied the allegations in eVenus's first amended answer. We have subsequently voluntarily dismissed our claims with respect to the '336 Patent. The trial on the remaining patent was conducted in February 2024, and in August 2024, the U.S. District Court for the District of New Jersey issued its ruling in the patent infringement suit for the '495 patent. The ruling found that claim 7 of the '495 patent is not valid on the grounds of obviousness and anticipation. A notice of appeal was filed in September 2024 and is ongoing.

In April 2023, we filed a third patent infringement suit against eVenus, Jiangsu Hengrui, and Fresenius Kabi USA, LLC, in the U.S. District Court for the District of New Jersey (23-cv-02367) asserting that the 133 mg/10 mL and 266 mg/20 mL ANDA products will infringe U.S. Patent No. 11,426,348 (the '348 patent). In July 2023, eVenus filed its answer with claims for declaratory judgment, alleging patent invalidity, non-infringement and inequitable conduct with respect to the '348 patent as well as our other patents, U.S. Patent Nos. 11,278,494; 11,304,904; 11,311,486; 11,357,727 and 11,452,691.The parties have subsequently dismissed all patents other than the '348 patent from this litigation.

On April 7, 2025, we, along with our operating subsidiary, Pacira Pharmaceuticals, Inc., entered into a settlement agreement with the eVenus ANDA Filers with respect to the litigations noted above. Pursuant to the settlement agreement, the eVenus ANDA Filers will be enjoined from marketing a generic bupivacaine liposome injectable suspension before the expiration of the patents-in-suit, except as provided for in the settlement agreement, as described below. In settlement of all outstanding claims in the litigations, we agreed to provide the eVenus ANDA Filers with a license to our patents required to

manufacture and sell certain volume-limited amounts of a generic bupivacaine liposome injectable suspension in the U.S. beginning on a confidential date that is sometime in early 2030. While the agreed-upon volume-limited percentages are confidential, they begin at a high single-digit percentage of the total volumes distributed in the U.S. market and increase gradually in each 12-month period following the volume-limited entry date until reaching a percentage in the low thirties in 2033 and increasing modestly in each of the next two 12-month periods before reaching a maximum percentage in the high thirties of the total volumes distributed in the U.S. for the final three years of the agreement. In addition, we have agreed to provide the eVenus ANDA Filers with a license to its patents required to manufacture and sell an unlimited quantity of a generic bupivacaine liposome injectable suspension in the U.S. beginning on a confidential date in 2039. In addition, in recognition of our expected savings with respect to, among other things, the avoidance of fees, costs, time and resources associated with continuing the litigations, we paid the eVenus ANDA Filers $7.0 million.

In October 2025, we received two separate Paragraph IV Certifications from two Chinese generic drug manufacturers—WhiteOak and Qilu—each advising that they had submitted an ANDA to the FDA seeking authorization from the FDA to manufacture, use or sell a generic version of EXPAREL in the U.S. Each letter alleged that EXPAREL patents listed in the Orange Book are not valid, not enforceable, and/or will not be infringed by the commercial manufacture, use or sale of the proposed products described in these ANDA submissions.

In November 2025, we filed a patent infringement suit against WhiteOak and Qilu in the U.S. District Court of the District of Delaware (25-cv-1445) asserting infringement of U.S. Patent No. 11,033,495 (the ‘495 patent), U.S. Patent Nos. 11,819,574 (the ‘574 patent) U.S. Patent No. 12,144,890 (the ‘890 patent), U.S. Patent No. 12,151,024 (the ‘024 Patent), U.S. Patent No. 12,156,940 (the ‘940 patent), U.S. Patent No. 12,251,468 (the ‘468 Patent), U.S. Patent No. 12,296,047 (the ’047 Patent), U.S. Patent No. 12,318,483 (the ‘483 Patent), and U.S. Patent No. 12,370,142 (the ‘142 Patent). On January 23, 2026 and February 5, 2026, Qilu and WhiteOak, respectively, each answered the complaint and asserted affirmative defenses and counterclaims asserting, inter alia, invalidity, unenforceability and non-infringement. We intend to vigorously defend our intellectual property rights relating to EXPAREL and are unable to predict the outcome of this litigation at this time.

For more information on these litigations and other legal proceedings we are involved in, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

The patents and the patent applications that we have covering ZILRETTA are limited to specific injectable formulations, uses and processes of manufacturing and our market opportunity for our product candidate may be limited by the lack of patent protection for the active ingredient itself and other formulations and delivery technologies and systems that may be developed by competitors.

The active ingredient in ZILRETTA is triamcinolone acetonide, or TCA. Patent protection for TCA has expired and generic immediate-release products are available. As a result, competitors who obtain the requisite regulatory approval can offer products with the same active ingredient as ZILRETTA so long as the competitors do not infringe any process, use or formulation patents covering ZILRETTA. The commercial opportunity for ZILRETTA could be significantly harmed if competitors are able to develop and commercialize alternative extended release formulations of TCA that are outside the scope of our patents.

Furthermore, because ZILRETTA has been approved by the FDA, one or more third parties may challenge the patents covering this product, which could result in the invalidation or unenforceability of some or all of the relevant patent claims. For example, if a third-party files an ANDA for a generic version of ZILRETTA and relies in whole or in part on studies conducted by or for us, the third-party will be required to certify to the FDA that either: (i) there is no patent information listed in the FDA’s Orange Book with respect to our NDA for ZILRETTA; (ii) the patents listed in the Orange Book have expired; (iii) the listed patents have not expired, but will expire on a particular date and approval is sought after patent expiration or (iv) the listed patents are invalid or will not be infringed by the manufacture, use or sale of the third-party’s generic drug product. A certification that the new product will not infringe the Orange Book-listed patents for ZILRETTA, or that such patents are invalid, is called a Paragraph IV certification. If the third-party submits a Paragraph IV certification to the FDA, a notice of the Paragraph IV certification must also be sent to us once the third-party’s ANDA is accepted for filing by the FDA. We may then initiate a lawsuit to defend the patents identified in the notice. The filing of a patent infringement lawsuit within 45 days of receipt of the notice automatically prevents the FDA from approving the third-party’s ANDA until the earliest of 30 months or the date on which the patent expires, the lawsuit is settled or the court reaches a decision in the infringement lawsuit in favor of the third-party. If we do not file a patent infringement lawsuit within the required 45-day period, the third-party’s ANDA will not be subject to the 30-month stay. Litigation or other proceedings to enforce or defend intellectual property rights are often very complex in nature, may be very expensive and time-consuming, may divert our management’s attention from our core business and may result in unfavorable results that could adversely impact our ability to prevent third parties from competing with ZILRETTA.

The patents and the patent applications that we have covering our iovera° products are primarily limited to specific handheld cryogenic needle devices that are cooled by a cryogen and methods for applying cryotherapy to nerve tissue using the cryogenic devices. Our market opportunity for our product candidates may be limited by gaps in patent coverage for the cryogenic devices, methods of use and other cryotherapy technology and systems that may be developed by competitors.

The iovera° cryogenic device is a compact, self-contained handheld device with a replaceable cryogen cartridge that delivers a cryogen through internal supply tubes to needle lumens of a replaceable needle probe, so as to cool the needle probe and thereby cool a surrounding target nerve tissue. We also have secured patents covering particular cryotherapy methods and pain treatments that provide what we deem to be optimal treatment using the iovera° cryogenic device.

Although we have patents that are broad enough to cover various alternative designs and methods, much of our patent coverage is tailored to cover the iovera° device and methods of use. It is thus possible that competitors may attempt to design around many of our patents. For example, we are aware of competitors developing cryogenic systems that are not self-contained handheld devices, or cryogenic systems that deliver cryotherapy through different mechanisms. It is also possible that competitors may attempt to develop and market cryotherapy devices and methods not covered by our patents, for example, basic cryotherapy treatment systems that are off-patent or cryoanalgesia for other nerve entrapment treatments.

The commercial opportunity for iovera° could be significantly harmed if competitors are able to develop and commercialize alternative designs and methods outside the scope of our patents.

Furthermore, the earliest patent family for iovera° is scheduled to expire in December 2025, thereby opening the door for competitors to copy some of our early iovera° technology. This early patent family is primarily focused on treating cosmetic defects that are no longer the focus of iovera°, but the underlying technology is nonetheless relevant enough for there to be appreciable overlap.

Finally, one or more third parties may challenge the patents covering the iovera° product, which could result in the invalidation or unenforceability of some or all of the relevant patent claims. Litigation or other proceedings to defend or enforce intellectual property rights are often very complex in nature, may be very expensive and time-consuming, may divert our management's attention from our core business and may result in unfavorable results that could adversely impact our ability to prevent third parties from competing with our products.

The patents and the patent applications that we have covering PCRX-201 are limited to composition of matter and uses of an adenoviral vector containing a nucleic acid encoding specific gene and our market opportunity for our product candidate may be limited by the patent protection and other gene therapies for treating OA that may be developed by competitors.

We reply upon a combination of intellectual property rights, including patent rights, trade secret protection, know-how and confidentiality agreements to protect intellectual property related to PCRX-201. We have in-licensed certain issued patents covering PCRX-201 from BCM that expire between 2032 and 2033. If we are unable to obtain additional patent protection with later expiration dates, we may not be able to compete effectively in our markets.

The intellectual property landscape around adenoviral vector delivery and expression systems is highly dynamic, and third parties may initiate and prevail in legal proceedings alleging that the patents that we in-license or owned are invalid or that we are infringing, misappropriating, or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Furthermore, certain inventions which we have in-licensed from BCM may have been discovered through government funded programs and thus may be subject to federal regulations under the Bayh-Dole Act of 1980. The U.S. government has certain rights also referred to as "march-in rights." In addition, the U.S. government also has the right to take title to these inventions if certain disclosure and reporting requirements were not met. In addition, the U.S. government requires that any products embodying the subject invention or produced through the use of the subject invention be manufactured substantially in the U.S. The manufacturing preference requirement can be waived if the owner of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the U.S. or that under the circumstances domestic manufacture is not commercially feasible. This preference for U.S. manufacturers may limit our ability to contract with non-U.S. product manufacturers for products covered by such intellectual property.

Because it is difficult and costly to protect our proprietary rights, we may not be able to ensure their protection and all patents will eventually expire.

Our commercial success will depend in part on obtaining and maintaining patent protection and trade secret protection for EXPAREL, ZILRETTA, iovera°, our pMVL drug delivery technology and for any product candidates that we may develop, license or acquire and the methods we use to manufacture them, as well as successfully defending these patents and trade secrets against third-party challenges. We will only be able to protect our technologies from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them.

The patent positions of pharmaceutical, medical device and biotechnology companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in pharmaceutical, medical device or biotechnology patents has emerged to date in the U.S. Patent positions and policies outside the U.S. are even more uncertain. Changes in either the patent laws or in interpretations of patent laws in the U.S. and other countries may diminish the value of our intellectual property. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents.

The degree of future protection for our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage. For example:

- we may not have been the first to make the inventions covered by each of our pending patent applications and issued patents;
- we may not have been the first to file patent applications for these inventions;
- others may independently develop similar or alternative technologies or duplicate any of our product candidates or technologies;
- it is possible that none of the pending patent applications will result in issued patents;
- the issued patents covering our product candidates may not provide a basis for commercially viable active products, may not provide us with any competitive advantages, may not have sufficient scope or strength to protect the technologies they were intended to protect or may be challenged by third parties;
- others may design around our patent claims to produce competitive products that fall outside the scope of our patents;
- we may not develop or in-license additional proprietary technologies that are patentable;
- patents of others may have an adverse effect on our business; or
- competitors may infringe our patents and we may not have adequate resources to enforce our patents.

Patent applications in the U.S. are maintained in confidence for at least 18 months after their earliest effective filing date. Consequently, we cannot be certain we were the first to invent or the first to file patent applications on EXPAREL, ZILRETTA, iovera°, our pMVL drug delivery technology or any product candidates that we may develop, license or acquire. In the event that a third-party has also filed a U.S. patent application relating to our product candidates or a similar invention, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention in the U.S. The costs of these proceedings could be substantial and it is possible that our efforts would be unsuccessful, resulting in a material adverse effect on our U.S. patent position. Furthermore, we may not have identified all U.S. and foreign patents or published applications that affect our business either by blocking our ability to commercialize our drugs or medical devices or by covering similar technologies that affect our drug or medical device markets.

In addition, some countries, including many in Europe, do not grant patent claims directed to methods of treating humans, and in these countries patent protection may not be available at all to protect our product candidates. Even if patents are issued, we cannot guarantee that the claims of those patents will be valid and enforceable or provide us with any significant protection against competitive products, or otherwise be commercially valuable to us. Furthermore, while we generally apply for patents in those countries where we intend to make, have made, use or sell patented products, we may not accurately predict all of the countries where patent protection will ultimately be desirable. If we fail to timely file a patent application in any such country, we may be precluded from doing so at a later date. We also cannot assure you that the patents issuing as a result of our foreign patent applications will have the same scope of coverage as our U.S. patents.

Some of our older patents have already expired. In the case of EXPAREL, the European and U.S. patents protecting the formulation of EXPAREL expired in 2018. An existing formulation patent for EXPAREL expired in November 2013. An existing formulation patent for EXPAREL expired in the U.S. in 2013 and its equivalents in Canada, Germany, France, Spain, Italy and the U.K. expired in 2014. In Europe, manufacturers qualify for 8 years of data exclusivity upon marketing authorization approval and an additional two years of market exclusivity, for a total of 10 years of regulatory exclusivity. Our earliest patent family for iovera° is scheduled to expire in December 2025, though that patent family is primarily focused on treating cosmetic defects that are no longer the focus of iovera°. Once our patents covering EXPAREL, ZILRETTA and iovera° have expired, we will be more reliant on trade secrets to protect against generic competition.

We also rely on trade secrets to protect our technology, particularly where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. While we use reasonable efforts to protect our trade secrets through confidentiality and non-disclosure agreements, our licensors, employees, consultants, contractors, outside scientific collaborators and other advisors may unintentionally or willfully disclose our information to competitors. Policing unauthorized use of our trade secrets or enforcing a claim that a third-party illegally obtained and is using our trade secrets is

expensive and time consuming, and the outcome is unpredictable. In addition, trade secret laws in other countries may not be as protective as they are in the U.S. Thus, courts outside the U.S. are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how.

In order to protect the goodwill associated with our company and product names, we rely on trademark protection for our marks. We have registered the "Pacira," "EXPAREL," "ZILRETTA," "iovera°" and other marks with the USPTO. A third-party may assert a claim that one of our marks is confusingly similar to its mark, and such claims or the failure to timely register a mark or objections by the FDA or other regulatory agency could force us to select a new name for one of our product candidates, which could cause us to incur additional expense or delay the commercialization of such product.

If we fail to obtain or maintain patent, trade secret and/or trademark protection for EXPAREL, ZILRETTA, iovera°, our pMVL drug delivery technology or any product candidate that we may develop, license or acquire, third parties could use our proprietary information, which could impair our ability to compete in the market and adversely affect our ability to generate revenues and remain profitable.

If we are sued for infringing the intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in any litigation would harm our business.

Our ability to develop, manufacture, market and sell EXPAREL, ZILRETTA, iovera°, our pMVL drug delivery technology or any product candidates that we may develop, license or acquire depends upon our ability to avoid infringing the proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the general fields of pain management and cancer treatment and cover the use of numerous compounds, formulations and medical devices in our targeted markets. Because of the uncertainty inherent in any patent or other litigation involving proprietary rights, we and our licensors may not be successful in defending intellectual property claims by third parties, which could have a material adverse effect on our results of operations. Regardless of the outcome of any litigation, defending the litigation may be expensive, time-consuming and distracting to management. In addition, because patent applications can take many years to issue, there may be currently pending applications, unknown to us, which may later result in issued patents that EXPAREL, ZILRETTA or iovera° may infringe. There could also be existing patents of which we are not aware that EXPAREL, ZILRETTA or iovera° may inadvertently infringe.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology, biopharmaceutical and medical device industries in general. If a third-party claims that we infringe on their products or technology, we could face a number of issues, including:

- infringement and other intellectual property claims which, with or without merit, can be expensive and time consuming to litigate and can divert management's attention from our core business;
- substantial damages for past infringement which we may have to pay if a court decides that our product infringes on a competitor's patent;
- a court prohibiting us from selling or licensing our product unless the patent holder licenses the patent to us, which it would not be required to do;
- if a license is available from a patent holder, we may have to pay substantial royalties or grant cross licenses to our patents; and
- redesigning our processes so they do not infringe, which may not be possible or could require substantial expenditures and time.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology, pharmaceutical and medical device industries, we employ individuals who were previously employed at other biotechnology, pharmaceutical and medical device companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Risks Related to our Financial Condition and Indebtedness

Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness.

Our ability to make payments of the principal of, to pay interest on or to refinance our indebtedness, including the Revolving Credit Facility (as defined below) and the 2.125% convertible senior notes due 2029, or 2029 Notes, issued in our private offering completed in May 2024 (each as described below), or to make cash payments in connection with any conversion of the 2029 Notes (if applicable) depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flow from operations in the future to service our indebtedness and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

In May 2024, we completed a private placement of $287.5 million in aggregate principal amount of 2029 Notes, and entered into an indenture, or 2029 Indenture, with respect to the 2029 Notes. The 2029 Notes accrue interest at a fixed rate of 2.125% per year, payable semiannually in arrears on May 15th and November 15th of each year and mature on May 15, 2029.

In July 2025, we entered into a credit agreement (the "Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, swingline lender and an issuing bank, and certain lenders, to, among other things, refinance the indebtedness outstanding under our then-outstanding TLA Credit Agreement (as defined below) and provide ongoing working capital. The Credit Agreement provides for a senior secured revolving credit facility (the "Revolving Credit Facility") in an aggregate commitment amount of $300.0 million, with a letter of credit sublimit of $10.0 million and swingline loan sublimit of $15.0 million. The credit facility is secured by substantially all of our and each subsidiary guarantor's assets and matures on July 3, 2030, subject to certain exceptions set forth in the Credit Agreement. Subject to certain conditions, we may, at any time, on one or more occasions, add one or more new classes of term facilities and/or increase the principal amount of any existing class of term loans by requesting one or more incremental term facilities in an aggregate principal amount not to exceed the greater of $225.0 million and 100% of Consolidated EBITDA (as defined in the Credit Agreement).

As of December 31, 2025, our total consolidated gross indebtedness was $378.5 million, which consisted of $287.5 million of principal outstanding on the 2029 Notes and $91.0 million of principal outstanding on the Revolving Credit Facility. See Note 11, *Debt*, to our consolidated financial statements included herein for more information. Additionally, our subsidiaries had no indebtedness (excluding trade payables, intercompany liabilities and income tax-related liabilities).

Our Credit Agreement and the Indenture each impose significant operating and financial restrictions on us and certain of our subsidiaries, which may prevent us from capitalizing on business opportunities. A breach of any of those restrictive covenants may cause us to be in default under the Credit Agreement and/or the Indenture, and our lenders could foreclose on our assets.

Our Credit Agreement requires us to maintain certain financial covenants. A decline in our operating performance could negatively impact our ability to meet these financial covenants. If we breach any of these restrictive covenants, the lenders could either refuse to lend funds to us or accelerate the repayment of any outstanding borrowings under the Credit Agreement. We may not have sufficient funds to repay such indebtedness upon a default or be unable to receive a waiver of the default from the lenders. If we are unable to repay the indebtedness, the lenders could initiate a bankruptcy proceeding or collection proceedings with respect to our assets, all of which secure our indebtedness under the Credit Agreement.

The Credit Agreement and the Indenture also contain certain restrictive covenants that limit, and in some circumstances prohibit, our ability to, among other things: incur additional debt or issue preferred stock; sell, lease or transfer our assets; pay dividends on, and make other distributions on, or redeem or repurchase, our common stock; make certain capital expenditures and investments; guarantee debt or obligations; create certain liens; enter into transactions with our affiliates; and enter into certain merger, consolidation or other reorganization transactions. These restrictions could limit our ability to obtain future financing, incur or guarantee additional debt, incur certain liens, enter into transactions with affiliates, transfer or sell certain assets, make acquisitions or needed capital expenditures, withstand potential downturns in our business, or the economy in general, conduct operations or otherwise take advantage of business opportunities that may arise, any of which could place us at a competitive disadvantage relative to our competitors. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants. Our failure to comply with the restrictive covenants described above as well as other terms of our indebtedness could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are

forced to refinance these borrowings on less favorable terms or cannot refinance these borrowings, our results of operations and financial condition could be adversely affected.

We may not have the ability to raise the funds necessary to settle conversions of the 2029 Notes in cash to the extent elected or to repurchase the 2029 Notes upon a fundamental change, and that our indebtedness may contain limitations on our ability to pay cash upon conversion of the 2029 Notes or limitations on our ability to repurchase the 2029 Notes.

Holders of the 2029 Notes will have the right to require us to repurchase their 2029 Notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any. We have the option to pay the principal in cash, shares of our common stock, or any combination thereof. While it is our intention to pay the principal in cash, upon conversion of the 2029 Notes we will be required to make cash payments for each $1,000 in principal amount of 2029 Notes converted of at least the lesser of $1,000 and the sum of the daily conversion values. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of 2029 Notes surrendered therefor or 2029 Notes being converted. The Credit Agreement limits—and any credit facility or other agreement that we may enter into may limit—our ability to make cash payments at the time of a fundamental change or upon conversion of the 2029 Notes. Further, our ability to repurchase the 2029 Notes or to pay cash upon conversions of the 2029 Notes may be limited by law, by regulatory authority or by agreements governing our indebtedness. Our failure to repurchase 2029 Notes at a time when the repurchase is required by the Indenture or to pay any cash payable on future conversions of the 2029 Notes as required by the Indenture would constitute a default under the Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our Revolving Credit Facility or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the 2029 Notes or make cash payments upon conversions thereof.

Our indebtedness could adversely affect our business, financial condition, and results of operations, as well as the ability to meet payment obligations under our Credit Agreement and the 2029 Notes.

As of December 31, 2025, our total consolidated gross indebtedness was $378.5 million, which consisted of $287.5 million of principal outstanding on the 2029 Notes and $91.0 million outstanding under the Revolving Credit Facility. See Note 11, *Debt*, to our consolidated financial statements included herein for more information. Subject to the limits contained in the Credit Agreement and the Indenture, we may be able to incur substantial additional debt from time to time. If we do so, the risks related to our level of debt could increase. Specifically, our level of debt could have important consequences, including the following:

- making it more difficult for us to meet our obligations with respect to our debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate purposes;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for future working capital, capital expenditures, acquisitions or other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings are at variable rates of interest;
- placing us at a disadvantage compared to other, less leveraged competitors;
- increasing our cost of borrowing; and
- limiting our flexibility in planning for changes in our business and reacting to changes in the industry in which we compete.

Furthermore, if we are unable to meet our debt service obligations or should we fail to comply with our financial and other negative covenants contained in the agreements governing our indebtedness, we may be required to refinance all or part of our debt, sell important strategic assets at unfavorable prices, incur additional indebtedness or issue common stock or other equity securities. We may not be able to, at any given time, refinance our debt, sell assets, incur additional indebtedness or issue equity securities on terms acceptable to us, in amounts sufficient to meet our needs. If we are able to raise additional funds through the issuance of equity securities, such issuance would also result in dilution to our stockholders. Our inability to service our obligations or refinance our debt could have a material and adverse effect on our business, financial condition or operating results. In addition, our debt obligations may limit our ability to make required investments in capacity, technology, or other areas of our business, which could have a material adverse effect on our business, financial condition, or operating results.

Any of these factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our debt payment obligations.

Despite our current level of indebtedness, we may be able to incur substantially more debt, which could increase the risks to our financial condition described above.

We may be able to incur substantial additional indebtedness in the future. Although certain of the agreements governing our existing indebtedness contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions, including compliance with various financial conditions. Additional indebtedness incurred in compliance with our existing debt instruments could be substantial. To the extent new debt is added to our current debt levels, the substantial leverage risks described in the immediately preceding risk factor would increase.

As of December 31, 2025, our total consolidated gross indebtedness was $378.5 million, which consisted of $287.5 million of principal outstanding on the 2029 Notes and $91.0 million outstanding under the Revolving Credit Facility. See Note 11, *Debt*, to our consolidated financial statements included herein for more information on our indebtedness.

Cumulatively, we have incurred significant losses since our inception and may incur additional losses in the future.

To date, we have focused primarily on developing and commercializing EXPAREL, and have since acquired ZILRETTA and iovera°. We recorded net income of $7.0 million for the year ended December 31, 2025, a net loss of $99.6 million for the year ended December 31, 2024, which included a goodwill impairment of $163.2 million based upon an assessment that the fair value of goodwill was less than its carrying value (for more information, see Note 9, *Goodwill and Intangible Assets*, to our consolidated financial statements included herein), and net income of $42.0 million for the year ended December 31, 2023. As of December 31, 2025, we had an accumulated deficit of $199.3 million. Prior losses, among other things, have had an adverse effect on stockholders' equity and working capital. We incurred significant pre-commercialization expenses as we prepared for the commercial launch of EXPAREL, and we continue to incur significant sales, marketing and manufacturing expenses, as well as ongoing development expenses related to the commercialization of EXPAREL, ZILRETTA and iovera°. As a result, we had not been profitable prior to 2015 and incurred net losses from 2016 through 2019 and again in 2024. Because of the numerous risks and uncertainties associated with developing and commercializing pharmaceutical products and medical devices, we are unable to predict the extent of future losses, if any.

A material impairment in the carrying value of our intangible assets or goodwill could negatively affect our results of operation and financial condition.

A significant portion of our total assets is comprised of intangible assets. Pursuant to U.S. generally accepted accounting principles, we are required to assess our indefinite-lived intangible assets for impairment. Goodwill is not amortized but is subject to impairment testing at least annually or when a triggering event occurs that could indicate a potential impairment exists. Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives and are recorded at cost, net of accumulated amortization. Indefinite-lived intangible assets are not amortized and are tested for impairment at least annually or when a triggering event occurs that could indicate a potential impairment exists. Impairment charges are recognized to the extent the carrying value exceeds its fair value. At December 31, 2025, the carrying value of our intangible assets, net of accumulated amortization, was $368.1 million. If the carrying value of these assets exceeds their current estimated fair value, the assets would be considered impaired, and this would result in a noncash charge to our statement of operations, which could be material. Events and conditions that could result in an impairment include but are not limited to: changes in assumptions regarding future revenue or cash flow forecasts, increased competition or loss of market share, obsolescence, product claims that result in a significant loss of sales or profitability over the product life, deterioration in macroeconomic conditions or declining financial performance in comparison to projected results.

For example, in 2025, we recognized a $25.9 million impairment charge related to an intangible asset for acquired in-process R&D related to ZILRETTA for the treatment of OA pain of the shoulder, driven by revised completion timelines for clinical trials and commercial availability which directly impacted revenue forecasts, among other factors. For additional information, see Note 9, *Goodwill and Intangible Assets*, to our consolidated financial statements included herein. Further changes to the assumptions regarding the future fair values of our intangible assets could result in additional impairment charges in the future, which could be significant.

In addition, in July 2024, the FDA approved a generic competitor to EXPAREL and in August 2024, a U.S. District Court ruled that one of our EXPAREL patents was not valid. We determined that these events, combined with a subsequent decrease in our common stock price, indicated that it was more likely than not that the fair value of goodwill may be less than its carrying value, which required us to perform a quantitative impairment test. This quantitative impairment test resulted in our carrying value exceeding the fair value of the Company by more than the goodwill balance. As a result, our then-goodwill balance of $163.2 million was fully impaired during the three months ended September 30, 2024. At December 31, 2025, the carrying value of our goodwill was $20.2 million, which arose from the GQ Bio Acquisition in February 2025.

In the future, events and conditions which could result in an impairment include but are not limited to: changes in assumptions regarding future revenue or cash flow forecasts, a sustained drop in the market price of our common stock, increased competition or loss of market share, obsolescence, product claims that result in a significant loss of sales or profitability over the product life, deterioration in macroeconomic conditions or declining financial performance in comparison to projected results.

For more information, see Note 9, *Goodwill and Intangible Assets*, to our consolidated financial statements included herein.

We may need additional funding and may be unable to raise capital when needed, which would force us to delay, reduce or eliminate our product development programs or commercialization efforts.

Developing and commercializing products for use in the hospital or ASC settings, conducting clinical trials, establishing outsourced manufacturing relationships and successfully manufacturing and marketing drugs and medical devices that we may develop is expensive. We may need to raise additional capital to:

- continue to fund our operations;
- continue our efforts to hire additional personnel and build a commercial infrastructure to commercialize EXPAREL, ZILRETTA and iovera°;
- qualify, outsource or build additional commercial-scale manufacturing of our products in accordance with CGMP;
- acquire, in-license and develop additional product candidates; and
- refinance our 2029 Notes and our Revolving Credit Facility.

We may not have sufficient financial resources to continue our operations or meet all of our objectives, which could require us to postpone, scale back or eliminate some, or all, of these objectives. Our future funding requirements will depend on many factors, including, but not limited to:

- the costs of maintaining a commercial organization to sell, market and distribute EXPAREL, ZILRETTA and iovera°;
- the success of the commercialization of EXPAREL, ZILRETTA and iovera°;
- the cost and timing of manufacturing sufficient quantities of EXPAREL, ZILRETTA and iovera° to meet customer demand, including the cost of expanding our manufacturing facilities to produce EXPAREL, ZILRETTA and iovera°;
- the rate of progress and costs of our efforts to prepare for the submission of an IND, NDA, sNDA or 510(k) pre-market notification for any product candidates that we may develop, in-license or acquire in the future, and the potential that we may need to conduct additional clinical trials to support applications for regulatory approval;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights associated with our products and product candidates, including any such costs we may be required to expend if our licensors are unwilling or unable to do so;
- the effect of competing technological and market developments;
- the terms and timing of any collaborative, licensing, co-promotion or other arrangements that we may establish;
- the potential that we may be required to file a lawsuit to defend our patent rights or regulatory exclusivities from challenges by companies seeking to market generic versions of extended-release liposome injections of bupivacaine, long-acting injections of triamcinolone or a cryoanalgesic device that infringes on the various patents covering iovera°; and
- restrictions contained in the agreements governing our indebtedness.

Future capital requirements will also depend on the extent to which we acquire or invest in additional complementary businesses, products and technologies.

Unless and until we can generate sufficiently more revenue from our products, we expect to primarily finance or supplement future cash needs through public or private equity offerings, debt financings, stock option exercises, royalties, collaboration and licensing arrangements, as well as through interest income earned on our cash and investment balances. If needed, we cannot be certain that additional funding will be available on acceptable terms, or at all. If adequate funds are not available, we may be required to delay, reduce the scope of, or eliminate one or more of our development programs or our commercialization efforts.

Our quarterly operating results may fluctuate significantly.

We expect our operating results to be subject to quarterly fluctuations. Our operating results will be affected by numerous factors, including:

- the level of underlying hospital and ASC demand for EXPAREL, ZILRETTA and iovera° and end-user buying patterns;
- maintaining our existing manufacturing facilities for EXPAREL, ZILRETTA and iovera° and expanding their manufacturing capacities;
- our execution of other collaborative, licensing, distribution, manufacturing or similar arrangements and the timing of payments we may make or receive under these arrangements;
- variations in the level of expenses related to our future development programs;
- any product liability or intellectual property infringement lawsuit in which we may become involved;
- regulatory developments, lawsuits and investigations affecting EXPAREL, ZILRETTA, iovera°, our product candidates or the products and product candidates of our competitors; and
- the impact of macroeconomic developments, such as general political, health and economic conditions, including those resulting from the war in Ukraine and the Israel-Hamas war, economic slowdowns, recessions, inflation, rising interest rates and tightening of credit markets on our business; and
- the potential impact of a government shutdown, including the impact such a shutdown could have on certain federal agencies, such as the FDA and Centers for Medicare Services, or CMS, who have, in the past, furloughed staff and scaled back their operations which could significantly impact the ability of the FDA to timely review and process our regulatory submissions or negatively affect sales of our products if some of our customers do not (or perceive that they will not) receive adequate reimbursement from third-party payors or CMS.

If our quarterly or annual operating results fall below the expectations of our investors or securities analysts, the price of our common stock could substantially decline. Furthermore, any quarterly or annual fluctuations in our operating results may in turn cause the price of our common stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

We may be unable to successfully integrate the businesses and personnel of acquired companies and businesses, and may not realize the anticipated synergies and benefits of such acquisitions.

From time to time, we may complete acquisitions of companies and certain businesses of companies, and we may not realize the expected benefits from such acquisitions because of integration difficulties or other challenges. For example, in April 2019, we completed the MyoScience Acquisition; in November 2021, we completed the Flexion Acquisition; and in February 2025, we completed the GQ Bio Acquisition.

The success of any acquisitions will depend, in part, on our ability to realize all or some of the anticipated synergies and other benefits from integrating the acquired businesses with our existing businesses. The integration process may be complex, costly and time-consuming. The potential difficulties we may face in integrating the operations of our acquisitions include, among others:

- failure to implement our business plans for the combined businesses and consolidation or expansion of production capacity as planned and where applicable;
- unexpected losses of key employees, key customers or key suppliers of our acquired companies and businesses;
- unanticipated issues in conforming our acquired companies' and businesses' standards, processes, procedures and internal controls with our operations;
- coordinating new product and process development;
- increasing the scope, geographic diversity and complexity of our operations;
- diversion of management's attention from other business concerns;
- adverse effects on our or our acquired companies' and businesses' existing business relationships;
- unanticipated changes in applicable laws and regulations;
- risks inherent in our acquired companies' and businesses' industry and operations;
- unanticipated expenses and liabilities;

- potential unfamiliarity with our acquired companies and businesses technology, products and markets, which may place us at a competitive disadvantage; and
- other difficulties in the assimilation of our acquired companies and businesses operations, technologies, products, systems and internal controls.

If MyoScience, Flexion, GQ Bio, or any other acquired companies and businesses have unanticipated or larger than anticipated liabilities for patent and trademark infringement claims, violations of laws, commercial disputes, taxes and other known and unknown types of liabilities, there may be liabilities that we underestimated or did not discover in the course of performing our due diligence investigation of our acquired companies and businesses. We may have no recourse or limited recourse under the applicable acquisition-related agreement to recover damages relating to the liabilities of our acquired companies and businesses.

We may not be able to maintain or increase the levels of revenue, earnings or operating efficiency that each of the acquired companies and businesses and Pacira had historically achieved or might achieve separately. Combining with Pacira may not accelerate the growth and success of any acquired commercial product. In addition, we may not accomplish the integration of any acquired companies and businesses smoothly, successfully or within the anticipated costs or timeframe. If we experience difficulties with the integration process or if the business of any acquired companies or businesses deteriorates, the anticipated cost savings, growth opportunities and other synergies of any acquired companies and businesses may not be realized fully or at all, or may take longer to realize than expected. If any of the above risks occur, our business, financial condition, results of operations and cash flows may be materially and adversely impacted; we may fail to meet the expectations of investors or analysts; and our stock price may decline as a result.

The use of our net operating loss carryforwards and research and development tax credits will be limited.

We have significant Federal and state net operating loss, or NOL, carryforwards and federal and state R&D tax credit carryforwards. Our NOL carryforwards and R&D tax credits may expire and not be used. Our state NOL carryforwards will begin expiring in 2028 if we have not used them prior to that time. We have non-U.S. NOLs that do not expire. Additionally, our ability to use certain NOLs to offset taxable income in the future will be limited under Internal Revenue Code Section 382 because we experienced cumulative changes in ownership of more than 50% within a three-year period. Such ownership changes were triggered by the cumulative ownership changes arising as a result of the initial acquisition of the Company's stock in 2007 and the completion of our initial public offering in February 2011 and our other financing transactions. Additionally, in November 2021, we completed the Flexion Acquisition which also triggered an ownership change. Because of these ownership changes, we will be limited regarding the amount of NOL carryforwards that we can utilize annually in the future to offset taxable income. Such an annual limitation may significantly reduce the utilization of the NOLs before they expire.

Risks Related to Our Common Stock

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our restated certificate of incorporation and our bylaws, as well as provisions of the Delaware General Corporation Law, or DGCL, could make it more difficult for a third-party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- eliminating the ability of stockholders to call a special meeting of stockholders; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, we are subject to Section 203 of the DGCL, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless such transactions are approved by

our board of directors. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders.

Our common stock price may be subject to significant fluctuations and volatility.

Our stock price is volatile, and from February 3, 2011, the first day of trading of our common stock, to February 25, 2026, the trading prices of our stock have ranged from $6.16 to $121.95 per share.

Our stock could be subject to wide fluctuations in price in response to various factors, including the following:

- the commercial success of EXPAREL, ZILRETTA and iovera°;
- our ability to execute on our business strategy;
- results of clinical trials of our products, product candidates or those of our competitors;
- changes or developments in laws or regulations applicable to our products or product candidates;
- introduction of competitive products or technologies;
- failure to meet or exceed financial projections we provide to the public;
- actual or anticipated variations in quarterly operating results;
- failure to meet or exceed the estimates and projections of the investment community;
- the perception of the pharmaceutical, biotechnological and medical device industry by the public, legislatures, regulators and the investment community;
- regulatory concerns or government actions;
- general economic and market conditions and overall fluctuations in U.S. equity markets and the impact of macroeconomic developments, such as general political, health and economic conditions, economic slowdowns, recessions, inflation, rising interest rates and the tightening of credit markets;
- increased interest rates and their generally negative effect on U.S. equity markets;
- developments concerning our sources of manufacturing supply;
- disputes or other developments relating to patents, intellectual property or other proprietary rights;
- additions or departures of key scientific or management personnel;
- the extent to which we acquire or invest in products, businesses and technologies;
- issuances of debt, equity or convertible securities;
- changes in the market valuations of similar companies;
- securities litigation or stockholder activism;
- evolving investor expectations and concerns regarding environmental, social and corporate governance issues; and
- the other factors described in this "*Risk Factors*" section.

In addition, the stock market in general, and the market for pharmaceutical, biotechnology and medical device companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. Fluctuations in our stock price could, among other things, adversely impact the trading price of our shares.

We do not intend to pay dividends on our common stock for the foreseeable future.

We have never declared or paid any dividends on our common stock. We currently intend to retain any future earnings to finance the future development and expansion of our business, and as such we do not expect to pay any cash dividends on our common stock in the foreseeable future. The payment of future dividends, if any, will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future financing instruments, provisions of applicable law and any other factors our board of directors deems relevant.

Future sales in the public market or issuances of our common stock could lower the market price for our common stock.

In the future, we may sell additional shares of our common stock to raise capital. Except under limited circumstances, we are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The issuance of additional shares of our common stock or convertible securities, including upon exercise of our outstanding options, vesting of our restricted stock units or otherwise, will dilute the ownership interest of our common stockholders. In addition, our stockholders, particularly but not limited to those that own 5%

or more of the Company may sell a substantial number of their shares in the public market, which could also affect the market price for our common stock.

In addition, certain of our executive officers and directors have established or may establish trading plans under Rule 10b5-1 of the Exchange Act (a "10b5-1 trading plan"), which provide for sales of shares of our common stock from time to time. Under a 10b5-1 trading plan, a broker executes trades pursuant to parameters established by the executive officer or director when entering into the plan, without further direction from the executive officer or director. A 10b5-1 trading plan may be amended or terminated in some circumstances. Our executive officers and directors also may buy or sell additional shares outside of a 10b5-1 trading plan when they are not in possession of material, nonpublic information. Refer to *Item 9B. Other Information*, for more information.

We cannot predict the size of future sales or issuances of our common stock or the effect, if any, that they may have on the market price for our common stock. The issuance and/or sale of substantial amounts of common stock, or the perception that such issuances and/or sales may occur, could adversely affect the market price of our common stock and impair our ability to raise capital through the sale or issuance of additional equity or debt securities.

Raising additional funds by issuing securities would cause dilution to existing stockholders and raising funds through lending and licensing arrangements may restrict our operations or require us to relinquish proprietary rights.

To the extent that we raise additional capital by issuing equity securities, our existing stockholders' ownership would be diluted. If we raise additional funds through licensing arrangements, it may be necessary to relinquish potentially valuable rights to our potential products or proprietary technologies, or grant licenses on terms that are not favorable to us. Any debt financing we enter into may involve covenants that restrict our operations. These restrictive covenants may include limitations on additional borrowing and specific restrictions on the use of our assets as well as prohibitions on our ability to create liens, pay dividends, redeem our stock or make investments.

Repurchases of our common stock may not result in increased stockholder value and could adversely affect our liquidity or financial flexibility.

From time to time, we may repurchase shares of our common stock pursuant to authorized share repurchase programs. Decisions regarding whether, when, and in what amounts to repurchase such securities are based on a variety of factors, including market conditions, our business, results of operations and financial condition, cash flows, capital resources, contractual restrictions (including those included in debt covenants), regulatory restrictions and alternative uses of capital. There can be no assurance that repurchases will be made at prices that reflect the intrinsic value of the common stock repurchased or that such repurchases will result in increased stockholder value.

For example, in April 2025, our board of directors authorized a $300.0 million share repurchase program which authorizes us to repurchase up to an aggregate of $300.0 million of our outstanding common stock. During the year ended December 31, 2025, we repurchased 5,936,798 shares of our common stock through open market transactions for $151.4 million which included $0.1 million of broker fees and $1.3 million of accrued excise tax. As of December 31, 2025, $150.0 million remains available for future repurchases under this authorization (which excludes the broker fees and excise tax incurred). Refer to Part II, Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds* for more information on repurchases occurring during the quarter ended December 31, 2025 and Note 13, *Stockholders' Equity*, to our consolidated financial statements included herein for more information.

Repurchases reduce the amount of cash available for other purposes, including, but not limited to: funding our operations, expanding the commercialization of our products and product candidates; investing in R&D; pursuing business development or strategic transactions; servicing or refinancing our indebtedness; expanding and maintaining our manufacturing facilities and capabilities and legal matters. As a result, our repurchase activities may adversely affect our liquidity, capital resources or financial flexibility.

Our share repurchase program does not obligate us to repurchase any particular amount of common stock and may be suspended, modified or discontinued at any time. Any reduction or cessation of repurchase activity may adversely affect the market price of our common stock. In addition, repurchase activity may increase price volatility, reduce the public float or trading liquidity of our common stock or increase ownership concentration among existing stockholders. In addition, repurchases may offset dilution from equity compensation programs or issuances of securities, but may not do so at a cost or on a timing that is favorable to stockholders.

To the extent share repurchases are funded through available cash or future borrowings, such activity could increase our leverage or otherwise affect our credit profile, which may limit our access to capital or increase our borrowing costs. Repurchases may also reduce our ability to pursue strategic opportunities or respond to competitive or regulatory developments as they arise.

Our ability to execute share repurchases is subject to compliance with the agreements governing our indebtedness as well as applicable securities laws and regulations, including restrictions on timing, volume, pricing and disclosure, as well as

blackout periods and insider trading limitations. Changes in applicable laws, regulations, accounting standards or regulatory interpretations—including evolving regulatory focus on issuer repurchase practices—could increase compliance costs, limit our flexibility or restrict our ability to conduct repurchases as contemplated.

Any of these factors could adversely affect our business, financial condition, results of operations, liquidity or the market price of our common stock.

Our business has been, and could in the future be, negatively impacted by the actions of activist stockholders.

We have been and may continue to be subject to stockholder activism in the future that may not align with our business strategies or that we deem to not be in the best interests of all of our stockholders. Our business and operations could also be negatively affected if we become subject to any securities litigation or from continued stockholder activism, which could cause us to incur significant expenses, hinder the execution of our business and growth strategy, constrain our capital deployment opportunities and impact the price of our common stock. Stockholder activism has been increasing recently, which can arise in a variety of situations, including, but not limited to, campaigns by activist stockholders advocating corporate actions such as operational, governance, management or social changes, financial restructurings, increased borrowings, special dividends, stock repurchases, or sales of assets or entire companies to third parties or to the activist stockholders themselves. Volatility in the price of our common stock, our cash balance, our financial performance or other reasons may cause us to become the target of securities litigation or continue to be the target of stockholder activism.

Securities litigation and stockholder activism, including potential proxy contests, have in the past and could again in the future result in substantial costs and divert management's and our board of director's attention and resources from our business. Additionally, such securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, strategy or leadership and such uncertainties may be exploited by our competitors or result in the loss of potential business opportunities, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we have and may be required to incur significant legal and advisory fees and other expenses related to any securities litigation and activist stockholder matters. Further, the price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and stockholder activism. In addition, stockholder activism may constrain our capital deployment opportunities and may limit the types of investments that are available to us. If individuals with a specific agenda are elected or appointed to our board of directors, it may adversely affect our ability to effectively and timely implement our strategy. Furthermore, if individuals are elected or appointed to the board of directors who do not agree with our strategy, the ability of the board of directors to function effectively could be adversely affected. As a result, activist stockholder campaigns could adversely affect our business, results of operations, financial condition and price of our common stock.

Risks Related to Information Technology, Cybersecurity and Data Privacy

We face risks related to cybersecurity threats and incidents.

We regularly face attempts by others to gain unauthorized access through the internet, or to introduce malicious software, to our Information Technology, or IT, systems. Individuals or organizations, including malicious hackers and insider threats including employees and third-party service providers, or intruders into our physical facilities, at times attempt to gain unauthorized access to our software, network and services. We could also be a target of malicious attackers who attempt to gain access to our network or data centers; steal proprietary information related to our business, products, employees, suppliers and customers; interrupt our systems and services or those of our suppliers, customers, or others; or demand a ransom to return control of such systems and services. Such attempts—including but not limited to—social engineering or "phishing" attempts, denial of service attacks and malware (including viruses, trojans and keyloggers) are increasing in number, intensity and in technical sophistication, and are increasingly difficult to detect for periods of time, especially as they relate to attacks on third-party vendors, and, if successful, expose us and any affected parties to risk of loss or misuse of proprietary or confidential information or disruptions of our business operations, including our manufacturing operations. These attacks are often carried out by motivated and highly skilled actors, who are increasingly well-resourced. Our IT infrastructure also includes services provided by third parties, and these service providers can experience breaches of their systems and products that impact the security of our systems and our proprietary or confidential information. In addition, certain factors, such as growth through acquisitions, rapid technology evolution, including increased adoption of artificial intelligence, or AI, and geopolitical events, have increased cybersecurity risks. A substantial breach of our or one of our service providers' systems could result in the loss of revenues, the misuse of confidential data, manufacturing challenges or disruption, diversion of management attention, litigation, regulatory action and damage to our relationships with vendors, business partners and customers, and we may incur significant expenses to resolve such issues.

Finally, the SEC has adopted rules that require us to provide greater disclosures around cybersecurity risk management, strategy and governance, as well as disclose the occurrence of material cybersecurity incidents. We cannot yet predict or estimate the amount of additional costs we will incur in order to comply with these rules or the timing of such costs. These rules

and regulations may also require us to report a cybersecurity incident before we have been able to fully assess its impact or remediate the underlying issue. Efforts to comply with such reporting requirements could divert management's attention from our incident response and could potentially reveal system vulnerabilities to threat actors. Failure to timely report incidents under these or other similar rules could also result in monetary fines, sanctions or subject us to other forms of liability. This regulatory environment is increasingly challenging and may present material obligations and risks to our business, including significantly expanded compliance burdens, costs and enforcement risks.

If we do not maintain the privacy and security of personal and business information, we could damage our reputation with customers and employees, incur substantial additional costs and become subject to litigation.

We receive, retain and transmit personal information about our customers and employees as well as confidential or proprietary information of ours and our customers, vendors and other business partners, and entrust that information to third-party suppliers, including cloud service-providers, software-as-a-service ("SaaS") solutions, platform-as-a-service ("PaaS") solutions, data hosting and processing facilities, AI, tools and other hardware, software (including open-source software) technical applications and platforms and managed services, including some that are managed, hosted, provided and/or used by third-party vendors, to operate our business that perform activities for us. Our business depends upon the secure transmission of encrypted confidential information over public networks, including information permitting payments. A compromise of our security systems or defects within our hardware or software, or those of our suppliers, that results in our customers' or our employees' information being obtained by unauthorized persons, could adversely affect our reputation with our customers and others, as well as our operations, results of operations, financial condition and liquidity, and could result in litigation, government actions, or the imposition of penalties. In addition, a breach could disrupt our operations and require that we expend significant additional resources related to the security of our information systems.

The use of data by our business is regulated at the national and state or local level in all of our operating countries. Privacy and information-security laws and regulations change, and compliance with them may result in cost increases due to, among other things, systems changes and the development of new processes. If we or those with whom we share information fail to comply with these laws and regulations, our reputation could be damaged, possibly resulting in lost future business, and we could be subjected to additional legal risk as a result of non-compliance.

We have security measures and controls to protect personal and business information and continue to make investments to secure access to our information technology network. These measures may be undermined, however, due to the actions of outside parties, employee error, internal or external malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques, timely discover or counter them, or implement adequate preventative measures. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and potentially have an adverse effect on our business and results of operations.

Changes in data privacy and protection laws and regulations, particularly in Europe and the State of California, or any failure to comply with such laws and regulations, could adversely affect our business and financial results.

We are subject to a variety of continuously evolving and developing laws and regulations globally regarding privacy, data protection and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personal data. Significant uncertainty exists as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. These laws apply to transfers of information among our affiliates, as well as to transactions we enter into with third-party vendors.

For example, the E.U. adopted a comprehensive General Data Privacy Regulation, or GDPR, in May 2016 that replaced the then-current E.U. Data Protection Directive and related country-specific legislation in May 2018. GDPR requires companies to satisfy new requirements regarding the handling of personal and sensitive data, including its use, protection and the ability of persons whose data is stored to correct or delete such data about themselves. Failure to comply with GDPR requirements could result in penalties of up to 4% of total worldwide revenue.

Additionally, the California Consumer Privacy Act, or CCPA, became effective in January 2020 and imposed new responsibilities on us for the handling, disclosure and deletion of personal information for our employees and consumers who reside in California. The CCPA permits California to assess potentially significant fines for violating CCPA and creates a right for individuals to bring class action suits seeking damages for violations. We have also implemented more stringent privacy regulations related to the California Privacy Rights Act, which was an amendment to the CCPA.

Furthermore, legislators and regulators in the U.S. are proposing new and more robust cybersecurity rules in light of the recent broad-based cyberattacks at a number of companies. Our efforts to comply with GDPR, the CCPA and other privacy and data protection laws may impose significant costs and challenges that are likely to increase over time and may require us to revise certain of our business practices. These and similar initiatives around the world could increase the cost of developing,

implementing or securing our servers and require us to allocate more resources to improved technologies, adding to our information technology and compliance costs. In addition, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. The enactment of more restrictive laws, rules, regulations, or future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in substantial regulatory penalties and significant legal liability or litigation related to violation of existing or future data privacy laws and regulations.

Our business and operations would suffer in the event of system failures.

Despite the implementation of security measures, our internal computer systems are vulnerable to damage from computer viruses, human error, unauthorized access, natural or man-made disasters, intentional acts of vandalism, terrorism, war and network, telecommunication and electrical failures. Any system failure, accident or security breach that causes interruptions in our operations could result in a material disruption of our manufacturing operations or product development programs. For example, the loss of clinical trial data from completed clinical trials for our products could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability, reputation damage and harm to our business operations.

We must maintain and upgrade our enterprise resource planning system and other information technology ("IT") systems as needed, and our failure to do so could have a material and adverse effect on our business, financial condition and results of operations.

We have invested and will continue to invest in and implement modifications and upgrades to our IT systems and procedures, including making changes to legacy systems or acquiring new systems with new functionality, and building new policies, procedures, training programs and monitoring tools.

The implementation and maintenance of a new enterprise resource planning, or ERP, system has required and will continue to require significant investment of human and financial resources. The ERP system is designed to efficiently maintain our financial records and provide information important to the operation of our business to our management team. In implementing, maintaining and upgrading our ERP system, we may experience significant increases to inherent costs and risks associated with changing and acquiring these systems, policies, procedures and monitoring tools, including capital expenditures, additional operating expenses, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems policies, procedures or monitoring tools into our current systems. Any significant disruption or deficiency in the design, implementation and maintenance of the ERP system may adversely affect our ability to process orders, ship product, send invoices and track payments, fulfill contractual obligations, maintain effective disclosure controls and internal control over financial reporting or otherwise operate our business. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, difficulties with implementing and maintaining new technology systems, such as an ERP system, delays in our timeline for planned improvements, significant system failures or our inability to successfully modify our IT systems, policies, procedures or monitoring tools to respond to changes in our business needs may cause disruptions in our business operations, increase security risks, and may have a material and adverse effect on our business, financial condition and results of operations.

Artificial intelligence presents risks and challenges that can impact our business including by posing security risks to our confidential information, proprietary information, and personal data.

Issues in the development and use of AI, combined with an uncertain regulatory environment, may result in reputational harm, liability or other adverse consequences to our business operations. There can be no assurance that we will realize the desired or anticipated benefits from AI, if any at all. As with many technological innovations, AI presents risks and challenges that could impact our business. We may adopt and integrate generative AI tools into our systems for specific use cases reviewed by legal and information security. Our use of AI could result in additional compliance costs, regulatory investigations, actions and lawsuits; and if as a result, we are unable to properly or effectively use AI, it could make our business less efficient, potentially result in competitive disadvantages, and our business, financial condition, results of operations and cash flows could be adversely affected.

The unauthorized use of AI tools by employees, contractors and/or third-party service providers could result in the exposure of sensitive data, including our intellectual property or trade secrets or the personal information of our employees, customers or other business partners. Our vendors may incorporate generative AI tools into their offerings without disclosing its usage to us, and the providers of these generative AI tools may not meet existing or rapidly evolving regulatory or industry standards with respect to privacy and data protection and may inhibit our or our vendors' ability to maintain an adequate level of service and experience. If we, our vendors or our third-party partners experience an actual or perceived breach or privacy or security incident because of the use of generative AI, we may lose valuable intellectual property and confidential information and our reputation and the public perception of the effectiveness of our security measures could be harmed. Further, bad actors

around the world use increasingly sophisticated and rapidly evolving methods, including the use of AI, to engage in illegal activities involving the theft and misuse of personal information, confidential information and intellectual property. Any of these outcomes could damage our reputation, result in the loss of valuable property and information, and adversely impact our business.

General Risk Factors

A pandemic, epidemic or outbreak of a contagious disease, or fear of such an event, could have a material adverse effect on our business, operating results and financial condition.

A pandemic, epidemic or outbreak of an infectious disease or other public health crisis could have a material adverse effect on our business, financial condition and operations, including but not limited to our revenue and cash flows, including potential decreases in sales, manufacturing issues, supply chain issues, including, but not limited to, staffing shortages, cost inflation and shipping delays, and delays in payments by our customers. New or prolonged suspensions of elective surgeries by governmental restrictions or action would cause net sales of our products to decrease. In addition, health concerns from a pandemic, epidemic or outbreak of an infectious disease or negative economic conditions, could cause patients and clinicians to cancel or defer elective procedures or otherwise avoid medical treatment, which would result in reduced patient volumes and revenues and could potentially continue over an extended period of time.

Business disruptions could include disruptions or restrictions to our workforce, including the ability of our sales teams to interact with our customers and healthcare professionals to educate them on the benefits of our products and perform typical sales activities. For example, the COVID-19 pandemic previously had significantly impacted the ability of our sales representatives to access customers and healthcare professionals through personal interactions within the healthcare setting, including hospitals and ASCs. In addition, any temporary closures of our manufacturing facilities, the facilities of our suppliers and contract manufacturers (and the resulting impact on production or our products) or the workforce at such facilities, or those of our distributors, could cause delays in the shipment or production of our products. If our customers experience disruptions to their businesses and cash flows, we could experience delays or difficulties with the collection of our accounts receivable. Any sustained impacts and business disruptions to our facilities or workforce, our customers, our suppliers, or our contract manufacturers would likely adversely impact our cash flows, sales and operating results.

The significant increase in the number of our employees who may return to working remotely as a result of a future pandemic, and an extended period of remote work arrangements and subsequent reintroduction into the workplace could introduce operational risk, strain our business continuity plans, negatively impact productivity and/or collaboration, and give rise to claims by employees or otherwise adversely affect our business. Additionally, a pandemic or other public health emergencies could require new or modified processes, procedures and controls to respond to changes in our business environment. We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by a pandemic or other public health emergencies.

In addition, a pandemic or other public health emergency could, among other things, cause global macroeconomic uncertainty, disrupt consumer spending and supply chains, contribute to various global shipping delays and port congestions and create significant volatility and disruption of financial markets.

Ultimately, the extent to which future public health crises could impact our business is difficult to predict and will depend on many factors beyond our control, including the speed of contagion, the development and implementation of effective preventative measures and possible treatments, the scope of governmental and other restrictions on elective surgeries, travel and other activity through quarantines/social distancing and other measures, the timing of effective vaccines becoming widely available and accepted by the public, public reactions to these factors and more.

Corporate social responsibility, or CSR, issues may have an adverse effect on our business, financial condition and results of operations and damage our reputation.

There is an increasing focus from certain investors, customers, consumers, employees, lawmakers, regulators (such as the SEC) and other stakeholders concerning CSR matters, including particular focus on climate-related risks. Additionally, public interest and legislative pressure related to public companies' CSR practices continue to grow. The landscape related to such regulation, compliance and reporting is constantly evolving, including expanding in scope and complexity. We may experience significant future cost increases associated with regulatory compliance, including fees, licenses, reporting, auditing, and the cost of capital improvements for our operating facilities to meet sustainability and/or environmental regulatory requirements. If our CSR practices fail to meet regulatory requirements or investor, customer, consumer, employee or other stakeholders' evolving expectations and standards for responsible corporate citizenship in areas including environmental stewardship, support for local communities, board of director and employee diversity, human capital management, employee health and safety practices,

product quality, supply chain management, corporate governance and transparency, our reputation, brand and employee retention may be negatively impacted, and our customers and suppliers may be unwilling to continue to do business with us.

From time to time, we communicate certain CSR initiatives and goals to market participants and our customers and business partners. Any corporate responsibility disclosure we make may include our policies, practices, initiatives and goals on a variety of social and ethical matters, corporate governance, environmental compliance, sustainability, employee health and safety practices, human capital management, product quality, supply chain management and workforce inclusion and diversity. Although we have undertaken significant efforts to improve and implement our CSR initiatives, it is possible that the aforementioned parties may not be satisfied with such disclosures, our CSR practices or the speed with which we adopt, implement and/or disclose our plans. Furthermore, some stakeholders may disagree with our goals and there is also a risk that stakeholders may change their views on these topics over time. Our various stakeholders or regulators may also have divergent opinions on these types of matters as well as conflicting expectations regarding our culture, values, goals and business, which makes it difficult to achieve a consistently positive perception amongst all of our various stakeholders. Moreover, we may determine that it is in the best interest of our Company and our stockholders to prioritize other business, social, governance or sustainable investments over the achievement of our current goals based on economic, technological developments, regulatory and social factors, business strategy or pressure from investors, activists or other stakeholders.

If our CSR practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, or if we are perceived or deemed to have not appropriately responded to the growing concern for CSR issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage from stakeholders and consumers and our business and financial condition could be materially and adversely affected. We may also incur additional costs or require additional resources to monitor such stakeholder expectations and standards and to meet our targets and commitments.

Significant changes in the global climate, extreme weather conditions, water availability and other climate related risks could adversely affect our business or operations.

We could experience adverse impacts to our business if climate change, storms, or other extreme weather conditions and/or water availability challenges adversely affect our operations or the operations of our suppliers, distributors and customers. There is mounting scientific evidence, as well as concern from the general public, that emissions of greenhouse gases and contributing human activities have caused and will continue to cause significant changes in global temperatures and weather patterns and increase the frequency or severity of storms and other weather events, extreme heat, hurricanes, wildfires and flooding. While such conditions cannot be predicted, if such conditions were to impact our manufacturing sites or otherwise alter production schedules, including those of our third-party suppliers of raw materials, our manufacturing equipment, or our distributors, we could experience a disruption in the supply of EXPAREL, ZILRETTA or iovera° to our customers and partners, or we could see an unfavorable impact on the cost or availability of our raw or packaging materials. Our manufacturing operations and those of our third-party suppliers may be more sensitive to climate-related disruptions than administrative or office functions due to their reliance on specialized facilities, utilities, water availability, transportation networks and controlled production environments. Disruptions to the operations of our customers could also adversely impact the demand for our products. Regulations in response to climate change could result in increased manufacturing costs associated with increased compliance and water and energy costs.

The measures that we have implemented that are intended to enhance the resilience of our operations and supply chain, including environmental compliance programs and business-continuity planning, may not be able to prevent or fully mitigate the adverse impacts of climate-related events or regulatory developments. We face both physical risks from climate change (such as extreme weather events, drought, wildfires or flooding affecting our manufacturing sites, contract manufacturers and distribution networks) and transition risks (such as evolving climate-related disclosure requirements, potential carbon-pricing regimes, changes in insurance markets and shifting customer and investor expectations). The effects of climate change, natural disasters such as earthquakes, wildfires, hurricanes, tornadoes, droughts, tsunamis or other adverse weather events and climate conditions, whether occurring in the U.S. or abroad, and the consequences and effects thereof, including damage to our supply chain, such as availability of raw materials, increased manufacturing costs and disruptions to productivity of our manufacturing operations, changes in consumer preferences or spending priorities, and energy shortages, have in the past and could in the future harm or disrupt our operations or the operations of our vendors, other suppliers, or customers, or result in economic instability that may negatively impact our operating results and financial condition. Additionally, certain catastrophes may not be covered by our general insurance policies, which could result in significant unrecoverable losses. Many governmental and other regulatory bodies worldwide are enacting regulations to mitigate the impacts of climate change. If we, our suppliers, or others in our supply chain are required to comply with these laws and regulations, or if we choose to take additional voluntary steps to reduce or mitigate our impact on the climate, we may experience increased costs for energy, production, transportation and raw materials, increased capital expenditures, or increased insurance premiums and deductibles, each of which could adversely impact our operations. In addition, inconsistent regulations among jurisdictions may also affect our cost to comply with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations or

industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change in the countries in which we operate.

Our international operations expose us to numerous and sometimes conflicting legal and regulatory requirements, the compliance of which could be costly and time consuming and violation of these regulations could adversely affect our business or operations.

We are subject to numerous, and sometimes conflicting, legal requirements on matters as diverse as pharmaceutical and medical device marketing, product liability, anti-corruption, data protection and privacy, compliance, taxation, accounting and financial reporting, employment laws, wage-and-hour standards, labor relations and human rights, among others. The global nature of our operations may increase the difficulty and cost of compliance with various regulations and laws, as compliance with diverse legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, enforcement actions or criminal sanctions against us and/or our employees, prohibitions on doing business and damage to our reputation.

In addition to these legal and regulatory requirements, there are risks inherent in doing business internationally, including but not limited to:

- different or more restrictive privacy, data protection, data localization, and other laws that could require us to make changes to our products, services and operations, such as mandating that certain types of data collected in a particular country be stored and/or processed within that country;
- difficulties in developing, staffing, and simultaneously managing our foreign operations as a result of geographic distance, language, and cultural differences;
- stringent local labor laws and regulations;
- profit repatriation and foreign currency exchange restrictions;
- geopolitical events, including natural disasters, acts of war and terrorism, and public health emergencies, including divergent governmental responses thereto across the jurisdictions in which we operate;
- import or export regulations;
- trade barriers and changes in trade regulations; including impositions of tariffs on imported raw materials and property, plant and equipment;
- compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and laws and regulations of other jurisdictions prohibiting corrupt payments to government officials and other third parties;
- antitrust and competition regulations;
- delays associated with the manufacture, transportation and delivery of products, including delays related to global port backlog or congestion;
- increased transportation costs due to distance, energy prices, inflation or other factors;
- potentially adverse tax developments;
- political or social unrest, including but not limited to the war in Ukraine and the Israel-Hamas war, economic instability, repression, or human rights issues; and
- risks related to other government regulation or required compliance with local laws.

In addition, we are subject to customs laws and regulations with respect to our export and import activity, which are complex and vary within legal jurisdictions in which we operate. We cannot ensure that there will not be a control failure around customs enforcement despite the precautions we take. We are currently subject to audits by customs authorities. Any failure to comply with customs laws and regulations could be discovered during a U.S. or foreign government customs audit, or customs authorities may disagree with our tariff treatments, and such actions could result in substantial fines and penalties, which could have an adverse effect on our business and financial results. In addition, changes to U.S. trade laws or the imposition of tariffs may adversely impact our operations. These changes and any changes to the trade laws of other countries may add additional compliance costs and obligations and subject us to significant fines and penalties for non-compliance. Compliance with these and other foreign legal regimes may have a material adverse impact on our business and results of operations. Furthermore, as a global company, we are subject to foreign and U.S. laws and regulations designed to combat governmental corruption, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. Violations of these laws and regulations could result in fines and penalties; criminal sanctions against us, our directors, our officers, or our employees; prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries; and a materially negative effect on our brands and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these foreign and U.S. laws and regulations, including the U.S. Foreign Corrupt Practices

Act and the U.K. Bribery Act, there can be no assurance that our employees, business partners, or agents will not violate our policies.

Changes in global economic conditions, including, but not limited to, those driven by inflation and tariffs, may adversely affect spending and the financial health of our customers and others with whom we do business, which may adversely affect our financial condition, results of operations and cash flows.

Uncertainty about current and future global economic conditions, inflation and tariffs may cause patients to defer or cancel medical procedures. Our financial success is sensitive to changes in general economic conditions, both globally and in specific markets, that may adversely affect the demand for our products including recessionary economic cycles, higher interest rates, higher fuel and other energy costs, increased labor costs, declines in asset values, inflation, the imposition of tariffs, increases in commodity prices, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws, public health issues, or other economic factors, certain of which effects, including cost inflation and higher interest rates, we experienced in 2024 and 2025 and expect to continue to experience in 2026.

If global economic and financial market conditions deteriorate or remain weak for an extended period of time, the following factors, among others, could have a material adverse effect on our financial condition, results of operations and cash flows:

- Changes in foreign currency exchange rates relative to the U.S. dollar.
- The imposition of tariffs and other import restrictions by the U.S. or foreign governments.
- Slower consumer spending that may result in our inability to maintain or increase our sales to new and existing customers, reduce patient volumes, cause reduced product orders or product order delays or cancellations from wholesale accounts that are directly impacted by fluctuations in the broader economy, difficulties managing inventories, higher discounts and lower product margins.
- A decrease in liquidity or credit available to our customers, product suppliers and other service providers.
- If our customers experience diminished liquidity, we may experience a reduction in product orders, an increase in customer order cancellations, and/or the need to extend customer payment terms, which could lead to larger balances and delayed collection of our accounts receivable, reduced cash flows, greater expenses for collection efforts and increased risk of nonpayment of our accounts receivable.
- If we are unable to mitigate the impact of supply chain constraints and inflationary pressure through price increases or other measures, our results of operations and financial condition could be negatively impacted. Furthermore, even if we are able to raise the prices of our products, consumers might react negatively to such price increases, which could have a material adverse effect on, among other things, our brands, reputation, and sales.

Certain of the foregoing could also result in lower levels of healthcare insurance coverage and/or depress consume confidence, any of which could limit the ability of some customers to purchase our products and reduce consumer spend on certain elective medical procedures in both the short- and medium-term.

The U.S. Federal Reserve previously raised interest rates multiple times in response to concerns about inflation, though it recently lowered interest rates multiple times and further interest rate changes remain uncertain. If higher interest rates return, this, coupled with reduced government spending and volatility in financial markets may also increase economic uncertainty and negatively affect consumer spending. Similarly, the ongoing war in Ukraine and the Israel-Hamas war have created extreme volatility in the global capital markets and is expected to continue to have further global economic consequences, including disruptions of the global supply chain and energy markets. Any such volatility and disruptions may adversely affect our business or the third parties on whom we rely. If the equity and credit markets deteriorate, including as a result of political unrest or war, it may make any necessary debt or equity financing (or refinancing) more difficult to obtain in a timely manner, or on favorable terms, more costly or more dilutive. Increased inflation rates have already, and may continue to, adversely affect us by increasing our costs, including labor costs, service costs and employee benefit costs. In addition, higher inflation and macro turmoil and uncertainty could also adversely affect our customers, which could reduce demand for our products.

Rising international tariffs could materially and adversely affect our business and results of operations. The U.S. government may in the future pause, reimpose or increase tariffs and foreign governments have, and in the future may, impose retaliatory trade protection measures. We may be impacted by ongoing risks associated with global macroeconomic conditions, including international relations and trade disputes. For example, and most notably for us, the active pharmaceutical ingredient for both EXPAREL and ZILRETTA are sourced from outside the U.S. In July 2025, the U.S. and the E.U. agreed to a trade deal that sets a 15% tariff on most imports from the E.U.—including branded pharmaceuticals—and effectively exempts the E.U. from higher tariffs that may be imposed on pharmaceutical imports from other countries pursuant to a pending investigation of such imports under Section 232 of the Trade Expansion Act of 1962. In December 2025, the U.S. and

Switzerland reached a similar agreement, setting a 15% tariff on Swiss origin goods—including branded pharmaceuticals—and likewise exempting Switzerland from potential higher tariffs under the same Section 232 investigation. Pharmaceuticals imported from countries outside the E.U. and Switzerland may face higher tariffs, including tariffs that may be imposed pursuant to the pending Section 232 investigation. However, on February 20, 2026, the Supreme Court of the U.S. ruled against the country-specific tariffs, including the E.U. and Swiss specific tariffs mentioned above, imposed by U.S. President Donald Trump under his asserted executive authority. The Supreme Court held that the President did not have the authority under the International Emergency Economic Powers Act ("IEEPA") to impose such tariffs, rendering them unlawful and no longer in effect. The Supreme Court ruling does not directly address whether, and if so how, the U.S. Government would go about returning any tariffs collected under these IEEPA tariffs. Following the Supreme Court's ruling, President Trump implemented a blanket 10% ad valorem tariff on imports into the U.S. under Section 122, effective February 24, 2026. These tariffs are authorized to remain in effect for a period of up to 150 days. However, in an exemption list released by the White House on February 22, 2026, pharmaceuticals and pharmaceutical ingredients were excluded from the 10% ad valorem duties.

At this time, it remains unclear what additional actions, if any, will be taken by the U.S. or other governments with respect to international trade agreements, the imposition of additional tariffs on goods imported into the U.S., tax policy related to international commerce, increased export control, sanctions and investment restrictions, or other trade matters. Although the ultimate scope and timing of any such actions is currently indeterminable, if implemented, they could have a material impact on our financial condition and results of operations.

Other effects of these changes, including impacts on the price of raw materials and equipment, responsive or retaliatory actions from governments, such as retaliatory tariffs on imports into China, Mexico or Canada from the U.S. and the opportunity for competitors not subject to such changes to establish a presence in markets where we participate, could also have significant impacts on our results of operations, though whether any of the foregoing actions will be taken remains unclear. Furthermore, we may not be able to increase prices for our products enough to offset tariffs, which could impact our margins. If we raise prices in response to tariffs, the demand for our products may go down, which could have a negative impact on our sales. We cannot predict what further action may be taken with respect to export restrictions, tariffs or trade relations between the U.S. and other governments, and any further changes in U.S. or international trade policy could have an adverse impact on our business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

We are subject to cybersecurity threats that could have a material adverse impact on our results of operations, financial condition and cash flows, as well as our operations—including our manufacturing and marketing capabilities. We operate a risk-based cybersecurity program which is designed to: (i) ensure the security, confidentiality, integrity and availability of our information and systems; (ii) protect against anticipated or actual cyber threats to our information and systems; and (iii) protect against unauthorized access and/or use of our information and systems. Overall cybersecurity risk reporting is integrated with our enterprise risk management program, is included in discussions with the Audit Committee of our board of directors and disclosed where appropriate. Our information technology and cybersecurity function is headed by our Chief Administrative Officer, or CAO, and Vice President of Information Technology, who are responsible for managerial oversight of our cybersecurity program. Our CAO reports directly to our Chief Executive Officer and our Vice President of Information Technology reports directly to our CAO and has over 15 years of experience in cybersecurity.

We utilize a layered approach in assessing, identifying, evaluating and managing material risks from cybersecurity threats, and leverage outside partners to gain intelligence on threats. Highlighted risks are integrated into our Enterprise Risk Management process. We take input from industry activities, third party assessments and internal simulations and continuously adjust our protection mechanisms to be effective. We also assess operational and data security risks associated with our use of third-party service providers, understanding where failure points may exist within our supply chain operations and data protections. If we learn of a cybersecurity incident at a third-party service provider, our information technology department will maintain communication with that third-party service provider and communicate any cybersecurity incidents to the Vice President of Information Technology and CAO. All Pacira employees receive information security training (including data protection and fraud awareness) on an annual basis, and we use state-of-the-art technology to monitor systems for anomalous behavior. We also require employees in certain roles to complete additional role-based, specialized cybersecurity trainings. In the event an incident were to occur, a Security Incident Response Team would be convened that consists of members from many functions, including legal counsel, the Vice President of Information Technology and the CAO.

Our board of directors has the ultimate oversight of the Company's risks—including cybersecurity risks—with our Audit Committee assisting the board in their oversight of cyber and information security risks. Members of management that possess information security certifications and many years of experience work with our legal, finance and corporate governance

functions to identify, define and report cybersecurity risks, policies and procedures and incident response plans. The Audit Committee receives updates on our cybersecurity program from management on a quarterly basis and more frequently as determined to be necessary or advisable, and the full board receives a cybersecurity program update at least annually. Updates to the Audit Committee include policies, processes, procedures and any significant developments related to the identification, mitigation and remediation of cybersecurity risks, as well as effectiveness and changes in our ability to monitor, protect, detect and respond to incidents, risk reviews and industry news briefings. The Audit Committee also ensures that management provides a cyber and information security update to the board at least annually. Finally, in the event a material cybersecurity incident were to occur, the CAO and Vice President of Information Technology would brief the Audit Committee which would then be responsible for assessing the materiality of the incident and making the determination of materiality and any related disclosure.

We face a number of cybersecurity risks and threats in connection with our business. Although we have numerous controls to protect against common attacks, some attacks may still be effective. Our controls are designed to detect, triage and eradicate these attacks. While we carry a cyber insurance policy to help cover investigation and mitigation expenses, it may be subject to limitations and be insufficient to cover all expenses that may result from a cybersecurity incident. Although the risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition, such incidents could have a material adverse effect in the future as cyberattacks continue to increase in frequency and sophistication.

For more information about the cybersecurity risks and other information technology and data privacy risks we face, see Item 1A. *Risk Factors* and the subsection titled *Risks Related to Information Technology, Cybersecurity and Data Privacy.*

Item 2. Properties

We occupy three facilities totaling approximately 195,000 square feet at our Science Center Campus in San Diego, California. We use these facilities for R&D, manufacturing, general and administrative purposes and the storage of inventory and raw materials. Our manufacturing facility on this site where we produce EXPAREL and the handpieces for iovera° and our mixed-use R&D property leases both expire in June 2030 and our warehouse lease expires in August 2030.

In addition, we maintain two administrative, commercial and business development offices in the U.S.—one in Parsippany, New Jersey, where we occupy approximately 53,000 square feet under a lease expiring in March 2028 and one in Brisbane, California, where our principal executive offices and corporate headquarters are located. The Brisbane office is approximately 41,000 square feet and our lease expires in June 2036. We also lease an R&D lab and office space in Luckenwalde, Germany focused on our HCAd vector platform which consists of approximately 8,500 square feet under a lease expiring in November 2032.

We believe that our R&D facilities and manufacturing facilities at our Science Center Campus, Thermo Fisher and Amphenol sites (as discussed in *Item 1—Business* above) will be sufficient for our current commercial and pipeline development needs. We also may add new facilities or expand existing facilities as we add employees, expand our geographic markets and if demand for EXPAREL, ZILRETTA and iovera° increases and we believe that suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

Item 3. Legal Proceedings

We are subject to legal proceedings and claims that have not been fully resolved and that have arisen in the ordinary course of business. For information related to Item 3. Legal Proceedings, refer to Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

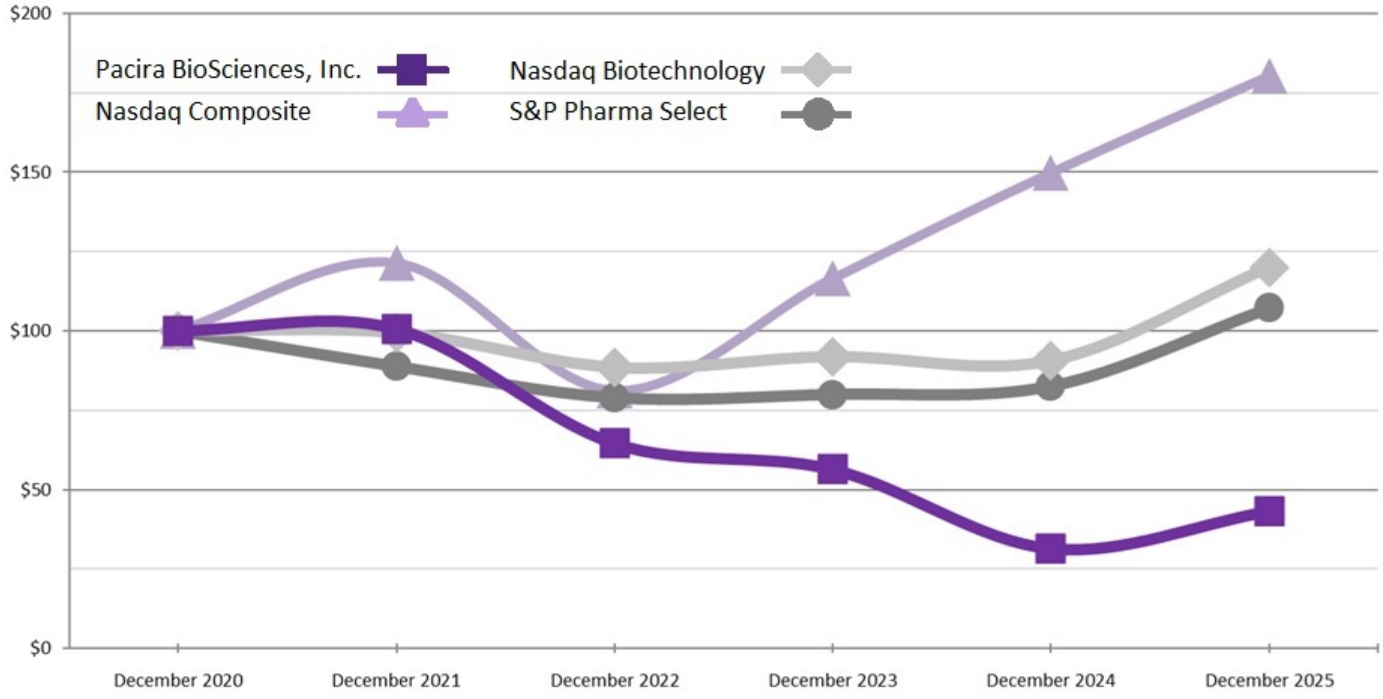
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed and traded under the ticker symbol "PCRX" on the Nasdaq Global Select Market. As of February 25, 2026, we had nine holders of record of our common stock. The number of record holders is based on the actual number of holders registered on the books of our transfer agent and does not reflect the substantially greater amount of holders of shares in "street name," whose shares are held of record by banks, brokers and other financial institutions.

Performance Graph

The following graph and table shows the value of an investment of $100.00 made on December 31, 2020—the last trading day of 2020—in each of Pacira BioSciences, Inc. (PCRX), the Nasdaq Composite Index (^IXIC), the Nasdaq Biotechnology Index (^NBI) and the S&P Pharmaceuticals Select Index (^SPSIPH). The three indices included are for comparative purposes only and do not necessarily reflect management's opinion that such indices are an appropriate measure of the relative performance of our common stock. All results assume the reinvestment of dividends, if any, and are calculated as of December 31st of each year. The historical stock price performance of our common stock and the indices shown in this performance graph is not necessarily indicative of future stock price performance.

Comparison of Five-Year Cumulative Total Returns Among
Pacira BioSciences, Inc., the Nasdaq Composite Index,
the Nasdaq Biotechnology Index and the S&P Pharmaceuticals Select Index



	Cumulative Total Return as of December 31,					
	2020	2021	2022	2023	2024	2025
Pacira BioSciences, Inc. (PCRX)	$ 100.00	$ 100.55	$ 64.52	$ 56.38	$ 31.48	$ 43.25
Nasdaq Composite Index (^IXIC)	$ 100.00	$ 121.39	$ 81.21	$ 116.47	$ 149.83	$ 180.33
Nasdaq Biotechnology Index (^NBI)	$ 100.00	$ 99.37	$ 88.53	$ 91.84	$ 90.58	$ 119.92
S&P Pharmaceuticals Select Index (^SPSIPH)	$ 100.00	$ 88.76	$ 78.82	$ 79.90	$ 82.47	$ 107.22

Dividend Policy

We have never declared or paid any dividends on our common stock. We currently intend to retain any future earnings to finance the future development and expansion of our business, and as such we do not expect to pay any dividends on our

common stock in the foreseeable future. The payment of any future dividends would be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in the agreements governing our indebtedness, provisions of applicable law and any other factors our board of directors deems relevant.

Purchases of Equity Securities by the Registrant

The following table provides information on our share repurchases during the quarter ended December 31, 2025:

	Issuer Purchases of Equity Securities			
Period	**Total Number of Shares Purchased**	**Average Price Paid Per Share [1]**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]**	**Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs [1]**
October 1, 2025 – October 31, 2025	—	$ —	—	$ 199,998,530
November 1, 2025 – November 30, 2025	768,164	$ 23.41	768,164	$ 182,014,229
December 1, 2025 –December 31, 2025	1,236,528	$ 25.89	1,236,528	$ 150,001,371
Total	2,004,692	$ 24.94	2,004,692	$ 150,001,371

(1) The average price paid per share excludes less than $0.1 million of broker fees and $1.0 million of excise tax incurred on share repurchases for the three months ended December 31, 2025. The remaining authorization outstanding for repurchases of common stock also excludes broker fees and the excise tax incurred.

(2) Our Board of Directors has authorized the repurchase of common stock under a share repurchase program adopted and announced in April 2025. The share repurchase program authorizes the Company to purchase up to an aggregate of $300.0 million of the Company's outstanding common stock. Repurchases under this program may be made at management's discretion on the open market or through privately negotiated transactions, including plans that comply with Rule 10b5-1 under the Exchange Act. The share repurchase program may be suspended or discontinued at any time by the Company and has an expiration date of December 31, 2026.

The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including our stock price, corporate and regulatory requirements, tax implications, restrictions under our debt obligations, other uses for capital, impacts on the value of remaining shares, and market and economic conditions.

Refer to Note 13, *Stockholders' Equity*, to our consolidated financial statements included herein for more information on our share repurchases.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America, or GAAP, and in accordance with the rules and regulations of the United States Securities and Exchange Commission, or SEC. We operate and report our financial information in one segment. The following discussion of our financial condition and results of operations should be read in conjunction with the other sections of this Annual Report, including our consolidated financial statements and the notes to those consolidated financial statements appearing in *Part IV*, *Item 15*, of this Annual Report. This discussion contains forward-looking statements that involve significant risks and uncertainties. As a result of many factors, such as those set forth under "*Risk Factors*" in *Part I*, *Item 1A*. of this Annual Report, our actual results may differ materially from those anticipated in these forward-looking statements. Certain defined terms have been brought forward from *Part I* of this Annual Report.

This section of this Annual Report discusses year-to-year comparisons between 2025 and 2024, as well as other discussions of 2025 and 2024 items. We have omitted discussion of the year ended December 31, 2023 (the earliest of the three years covered by our consolidated financial statements presented in this Annual Report) as permitted by SEC regulations. The complete Management's Discussion and Analysis of Financial Condition and Results of Operations for year-to-year comparisons between 2024 and 2023 and other discussions of 2023 items can be found within *Part II*, *Item 7*, to our Annual Report for the year ended December 31, 2024, filed with the SEC on February 27, 2025, which is available on the SEC's website at www.sec.gov and our corporate website at www.pacira.com. The foregoing reference to our corporate website is not intended to, nor shall it be deemed to, incorporate information on our corporate website into this Annual Report by reference, and the inclusion of our corporate website address in this Annual Report is an inactive textual reference only and is not intended to be an active link to our corporate website.

Overview

Our stated corporate mission is to deliver innovative, non-opioid pain therapies to transform the lives of patients. We are also developing innovative interventions to address debilitating conditions involving the sympathetic nervous system, such as cardiac electrical storm, chronic pain and spasticity. Our long-acting, local analgesic EXPAREL® (bupivacaine liposome injectable suspension) utilizes our unique pMVL drug delivery technology that encapsulates drugs without altering their molecular structure and releases them over a desired period of time. In the U.S., EXPAREL is a long-acting, non-opioid option proven to manage postsurgical pain. EXPAREL is the only product indicated for local analgesia via infiltration in patients aged six years and older and regional analgesia via interscalene brachial plexus nerve block, sciatic nerve block in the popliteal fossa and adductor canal block in adults. We drop-ship EXPAREL directly to end-users based on orders placed to wholesalers or directly to us, and there is no product held by wholesalers. With the acquisition of Flexion Therapeutics, Inc. in November 2021 (the "Flexion Acquisition"), we acquired ZILRETTA® (triamcinolone acetonide extended-release injectable suspension), the first and only extended-release, intra-articular injectable therapy that can provide major relief for OA knee pain for three months and has the potential to become an alternative to hyaluronic acid, or HA, and platelet rich plasma, or PRP, injections or other early intervention treatments. With the acquisition of MyoScience, Inc. in April 2019 (the "MyoScience Acquisition"), we acquired iovera°®, a handheld cryoanalgesia device used to deliver a precise, controlled application of cold temperature to targeted nerves, which we sell directly to end users. EXPAREL, ZILRETTA and the iovera° system are highly complementary products as long-acting, non-opioid therapies that alleviate pain. We are also advancing the development of PCRX-201 (enekinragene inzadenovec), a novel, locally administered gene therapy for the treatment of OA of the knee. PCRX-201 is the lead program from our HCAd vector platform, which enables local administration of genetic medicines and has the potential to unlock gene therapy for large prevalent diseases affecting millions of people. In February 2025, we acquired GQ Bio Therapeutics GmbH, a privately-held biopharmaceutical company (the "GQ Bio Acquisition"). PCRX-201 is the lead program from this platform.

We expect to continue to pursue the expanded use of EXPAREL, ZILRETTA and iovera° in additional procedures; progress our product candidate pipeline, including the development of PCRX-201; advance regulatory activities for EXPAREL, ZILRETTA, iovera° and our other product candidates; invest in sales and marketing resources for EXPAREL, ZILRETTA and iovera°; expand and enhance our manufacturing capacity for EXPAREL, ZILRETTA and iovera°; invest in products, businesses and technologies; and support legal matters.

Recent Highlights

- In January 2026, we announced the appointment of Samit Hirawat, M.D., to our board of directors. Dr. Hirawat brings with him more than 25 years of clinical development and industry expertise. This appointment increases the size of our board of directors to 10 members. Most recently, Dr. Hirawat served as Chief Medical Officer, Executive Vice President, and Head of Global Drug Development at Bristol Myers Squibb, where he oversaw its worldwide clinical development portfolio and advanced multiple transformative therapies across therapeutic areas. Dr. Hirawat was concurrently appointed to the Science and Technology Committee of our board of directors.
- In January 2026, we announced a partnership agreement with LG Chem designed to expand access to opioid-sparing postsurgical pain control for patients in select Asian-Pacific markets. Through this partnership, LG Chem has the exclusive rights to commercialize EXPAREL for postsurgical pain management in the region. Under the terms of the agreement, we received a $2.0 million upfront payment and will also receive a transfer price and tiered royalties on future commercial sales by LG Chem in its licensed territories. In addition, we will supply EXPAREL product and LG Chem will be responsible for securing regulatory approvals in the licensed territories. LG Chem plans to file for marketing authorizations in South Korea and Thailand in 2026.
- As part of our ongoing commitment to maximize shareholder value, in the fourth quarter of 2025, we repurchased 2.0 million shares of our common stock through open market transactions for $50.0 million (exclusive of broker fees and excise tax incurred) under our share repurchase program. For more information, see Note 13, *Stockholders' Equity*, to our consolidated financial statements included herein.

Global Economic Conditions, Inflation and Tariffs

Direct and indirect effects of global economic conditions have in the past, and may continue to, negatively impact our business, financial condition and results of operations. Such impacts may include the effect of prolonged periods of inflation or the imposition of tariffs, which could, among other things, result in higher costs for raw materials, equipment and other goods and services; cause patients to defer or cancel medical procedures, thereby adversely impacting our revenues; and negatively impact our suppliers which could result in longer lead-times or the inability to procure a sufficient supply of materials.

While there has been no material impact on our business related to tariffs to date, the current macroeconomic environment remains dynamic and subject to rapid and possibly material changes. For instance, the U.S. government may in the future pause, reimpose or increase tariffs and foreign governments have, and in the future may, impose retaliatory trade protection measures. Our business may be impacted by ongoing risks associated with global macroeconomic conditions, including international relations and trade disputes. For example, and most notably for us, the active pharmaceutical ingredient for both EXPAREL and ZILRETTA are sourced from outside the U.S. In July 2025, the U.S. and the E.U. agreed to a trade deal that sets a 15% tariff on most imports from the E.U.—including branded pharmaceuticals—and effectively exempts the E.U. from higher tariffs that may be imposed on pharmaceutical imports from other countries pursuant to a pending investigation of such imports under Section 232 of the Trade Expansion Act of 1962. In December 2025, the U.S. and Switzerland reached a similar agreement, setting a 15% tariff on Swiss origin goods—including branded pharmaceuticals—and likewise exempting Switzerland from potential higher tariffs under the same Section 232 investigation. Pharmaceuticals imported from countries outside the E.U. and Switzerland may face higher tariffs, including tariffs that may be imposed pursuant to the pending Section 232 investigation. However, on February 20, 2026, the Supreme Court of the U.S. ruled against the country-specific tariffs, including the E.U. and Swiss specific tariffs mentioned above, imposed by U.S. President Donald Trump under his asserted executive authority. The Supreme Court held that the President did not have the authority under IEEPA to impose such tariffs, rendering them unlawful and no longer in effect. The Supreme Court ruling does not directly address whether, and if so how, the U.S. Government would go about returning any tariffs collected under these IEEPA tariffs.

Following the Supreme Court's ruling, President Trump implemented a blanket 10% ad valorem tariff on imports into the U.S. under Section 122, effective February 24, 2026. These tariffs are authorized to remain in effect for a period of up to 150 days. However, in an exemption list released by the White House on February 22, 2026, pharmaceuticals and pharmaceutical ingredients were excluded from the 10% ad valorem duties. Based on the ruling and subsequent executive actions, we do not expect any country-specific tariff impact on our pharmaceutical products at this time. Accordingly, while the trade and tariff landscape remains uncertain, we currently do not expect tariffs to have a material adverse impact on our business, financial condition, or results of operations. We will continue to monitor developments and assess any potential impact of the Supreme Court decision and related trade measures on our business and supply chain.

Such tariffs imposed by the U.S. and/or other countries that are currently in effect, or may take effect in the future, could increase our manufacturing and operating expenses in future periods, including the cost to deliver our products to commercial markets, the cost to source raw materials for the manufacturing of our products and the cost of materials used in our R&D activities. The imposition of future tariffs impacting our industry, the magnitude of response by other countries to such tariffs and the length of time such tariffs are in effect may also increase uncertainty and adversely impact our business.

There has been significant volatility in U.S. tariff and customs policy recently, with frequent changes in rates, sudden elimination or reinstatement of exemptions, shifts in implementation dates and reversals of prior actions. This volatility makes it more difficult to forecast costs, plan our global supply chain and provide reliable financial guidance. Policy changes often require rapid operational adjustments that can increase costs and reduce efficiency. We expect such volatility and uncertainty related to tariffs and customs to continue, potentially posing ongoing challenges to our operations, financial planning and investor communications.

Science Center Campus Reduction in Force

In July 2025, as a result of improving manufacturing efficiencies for EXPAREL, we instituted a reduction in force at our Science Center Campus in San Diego, California. Our enhanced efficiencies were the result of our multi-year investment in two large-scale 200+ liter batch manufacturing suites located in San Diego and Swindon, United Kingdom, which commenced commercial production in 2024 and 2021, respectively. These two large-scale manufacturing suites are capable of producing bulk EXPAREL volumes that are approximately four-fold greater than our 45-liter batch manufacturing process, and we believe these larger manufacturing suites provide ample capacity for meeting the growing demand and improving gross margins for EXPAREL through a meaningfully more favorable cost structure and manufacturing yields versus the 45-liter batch process. As a result, and after careful consideration, we decided to decommission our 45-liter EXPAREL batch manufacturing suite located in San Diego and reduce our workforce accordingly.

The reduction impacted 71 employees or approximately 8% of our then-total workforce. As a result, during the year ended December 31, 2025, we recognized $3.7 million of employee termination benefit charges which consisted of garden leave under California employment law, severance, healthcare benefits, and, to a lesser extent, other one-time termination benefits. In 2025, we reserved $1.0 million of inventory and recognized $5.5 million of accelerated depreciation expense associated with the decommissioning of the 45-liter manufacturing assets.

This reduction in the workforce is subject to local regulatory requirements and the majority of these charges occurred in the third quarter of 2025. The reduction in the workforce is anticipated to lead to an annual reduction in operating expenses of approximately $13.0 million, which does not reflect the one-time expenses associated with the workforce reduction. In addition,

we may incur other charges or cash expenditures not currently contemplated due to unanticipated events that may occur in connection with the workforce reduction.

For more information, see Note 6, *Inventories*, Note 7, *Fixed Assets* and Note 18, *Contingent Consideration Gains, Acquisition-Related Expenses, Restructuring and Other,* to our consolidated financial statements included herein.

Results of Operations

Comparison of the Years Ended December 31, 2025 and 2024

Revenues

Our net product sales are primarily within the U.S. and consist of EXPAREL, ZILRETTA, iovera° and sales of bupivacaine liposome injectable suspension for veterinary use. Royalty revenues are related to the sale of bupivacaine liposome injectable suspension for veterinary use.

The following table provides information regarding our revenues during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Net product sales:			
EXPAREL	$ 575,130	$ 548,962	5%
ZILRETTA	116,633	118,089	(1)%
iovera°	24,178	22,813	6%
Bupivacaine liposome injectable suspension	6,913	7,322	(6)%
Total net product sales	722,854	697,186	4%
Royalty revenue	3,557	3,780	(6)%
Total revenues	$ 726,411	$ 700,966	4%

EXPAREL revenue increased 5% in 2025 versus 2024. Components of the increase included a 6% increase in gross vial volume, which was partially offset by a shift in vial mix and decreases in net selling price per unit in 2025 versus 2024. The decrease in net selling price per unit relates to increases in sales-related allowances as a result of group purchasing organization (GPO) contracting, partially offset by a January 2025 price increase.

ZILRETTA revenue decreased 1% in 2025 versus 2024, primarily due to a 4% decrease in kit volume, partially offset by a 3% increase in net selling price per unit. The increase in net selling price per unit is related to two price increases in 2025, partially offset by higher gross-to-net adjustments.

Net product sales of iovera° increased 6% in 2025 versus 2024 primarily due to a 7% increase in Smart Tip volume.

Bupivacaine liposome injectable suspension revenue and its related royalties both decreased 6% in 2025 versus 2024, primarily due to the sales mix of vial sizes and the timing of orders placed by our partner for veterinary use.

Cost of Goods Sold

Cost of goods sold primarily relates to the costs to produce, package and deliver our products to customers. These expenses include labor, raw materials, manufacturing overhead and occupancy costs, depreciation of facilities, quality control and engineering.

The following table provides information regarding cost of goods sold and gross margin during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Cost of goods sold	$ 149,749	$ 170,428	(12)%
Gross margin	79%	76%	

Gross margin increased three percentage points in 2025 versus 2024 primarily due to lower EXPAREL inventory reserves and improved ZILRETTA product costs due to higher volumes manufactured in order to enhance the level of inventory on hand, partially offset by accelerated depreciation of fixed assets impacted by the decommissioning of our 45-liter EXPAREL batch manufacturing suite at our Science Center Campus in San Diego, California (for more information, see Note 7, *Fixed Assets*, to our consolidated financial statements included herein).

Additionally, in April 2025, the U.S. District Court, District of Nevada, concluded we were no longer obligated to pay royalties to the Research Development Foundation, or RDF, for EXPAREL manufactured under our enhanced, larger-scale manufacturing process. As a result, during the year ended December 31, 2025, no royalty expense was incurred on net product sales of EXPAREL. For more information, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements herein.

Research and Development Expenses

R&D expenses primarily consist of costs related to clinical trials and related outside services, product development and other R&D costs, including trials that we are conducting to generate new data for EXPAREL, ZILRETTA and iovera°, clinical trials for PCRX-201 and stock-based compensation expense. Clinical and preclinical development expenses include costs for clinical personnel, clinical trials performed by third-parties, toxicology studies, materials and supplies, database management and other third-party fees. Product development and manufacturing capacity expansion expenses include development costs for our products, which include personnel, research equipment, materials and contractor costs for process development and product candidates, development costs related to significant scale-ups of our manufacturing capacity and facility costs for our research space. Regulatory and other expenses include regulatory activities related to unapproved products and indications, medical information and scientific communication expenses, expenses related to our IGOR registry study and related personnel. Stock-based compensation expense relates to the costs of stock option grants, awards of restricted stock units, or RSUs, and our employee stock purchase plan, or ESPP. Additionally, as part of the GQ Bio Acquisition, expenses related to a key employee holdback are also included in R&D.

The following table provides a breakout of our R&D expenses during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Clinical and preclinical development	$ 52,861	$ 33,696	57%
Product development	44,233	30,803	44%
Regulatory and other	11,030	9,697	14%
Stock-based compensation	9,188	7,381	24%
Total research and development expense	$ 117,312	$ 81,577	44%
% of total revenue	16%	12%	

Total R&D expense increased 44% in 2025 versus 2024.

Clinical and preclinical development expense increased 57% in 2025 versus 2024 due to site start-up expenses and the completed patient enrollment in Part A of our PCRX-201 Phase 2 ASCEND trial for knee OA, the ongoing enrollment in our ZILRETTA shoulder trial and an iovera° spasticity trial, as well as increased Investigator Initiated Trial (IIT) milestones achieved and additional personnel to support clinical initiatives. These increases were partially offset by the winding down and completion of an EXPAREL Phase 1 trial for intrathecal administration.

Product development expense increased 44% in 2025 versus 2024, primarily due to a $5.0 million upfront license agreement payment to AmacaThera Inc. for the development and commercialization of PCRX-2002, a long-acting, non-opioid analgesic ropivacaine for postsurgical pain control, as well as $3.2 million related to a key employee holdback. As part of the GQ Bio Acquisition, $7.8 million related to two employees' payments will be recognized over three years pursuant to a key employee holdback agreement in increments of 50%, 30% and 20% at each year's respective anniversary of the GQ Bio Acquisition. Other increases include investing in our HCAd platform—primarily for the PCRX-201 program—and ZILRETTA development batches. These increases were partially offset by the completion of pre-commercial scale-up activities of our enhanced, larger-scale EXPAREL manufacturing capacity at our Science Center Campus in San Diego, California. This manufacturing suite was approved by the FDA in February 2024 and placed into service in July 2024.

Regulatory and other R&D expenses increased 14% in 2025 versus 2024 due to increased publication activities which are largely health economics and outcome studies, as well as additional subjects enrolled in the IGOR registry study.

Stock-based compensation increased 24% in 2025 versus 2024 primarily due to increased R&D personnel as well as the shifting of our annual equity grant to the first quarter in 2025.

Selling, General and Administrative Expenses

Sales and marketing expenses primarily consist of compensation and benefits for our sales force and personnel that support our sales, marketing, medical and scientific affairs operations, expenses related to health outcome communications, provider-level market access, patient reimbursement support and customer educational programs. General and administrative expenses consist of compensation and benefits for legal, finance, regulatory activities related to approved products and indications, compliance, information technology, human resources, business development, executive management and other supporting personnel. It also includes professional fees for legal, audit, tax and consulting services. Stock-based compensation expense relates to the costs of stock option grants, RSU awards and our ESPP.

The following table provides information regarding selling, general and administrative expense during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Sales and marketing	$ 226,616	$ 172,015	32%
General and administrative	100,277	87,227	15%
Stock-based compensation	41,866	34,857	20%
Total selling, general and administrative expense	$ 368,759	$ 294,099	25%
% of total revenue	51%	42%	

Total selling, general and administrative expense increased 25% in 2025 versus 2024.

Sales and marketing expense increased 32% in 2025 versus 2024, driven by investing in programs to drive awareness and education for our customers and enhancing our marketing, market access and reimbursement teams and value creation to strengthen our key commercial capabilities and expand EXPAREL utilization. We also expanded the size of our sales force in the second half of 2024 in order to better extend our reach on our commercial products.

General and administrative expense increased 15% in 2025 versus 2024 primarily driven by increased headcount in our business development and other administrative functions, as well as increased legal fees related to ongoing due diligence activities and licensing partnerships, partially offset by a recovery of legal expenses related to litigation pertaining to the MyoScience Acquisition in the first quarter of 2025. For more information, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

Stock-based compensation increased 20% in 2025 versus 2024 primarily due to equity grants provided to new executive officers as well as the shifting of our annual equity grant to the first quarter starting in 2025.

In October 2025, we received two separate Paragraph IV Certifications from two Chinese generic drug manufacturers—WhiteOak and Qilu—each advising that they had submitted an ANDA to the FDA seeking authorization from the FDA to manufacture, use or sell a generic version of EXPAREL in the U.S. In November 2025, we filed a patent infringement suit against WhiteOak and Qilu. As a result, we expect to incur additional legal costs to defend our intellectual property, although we cannot predict the extent of costs or the outcome of this matter at this time. For more information, see Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein.

Amortization of Acquired Intangible Assets

The following table provides a summary of the amortization of acquired intangible assets during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Amortization of acquired intangible assets	$ 57,288	$ 57,288	—%

As part of the Flexion Acquisition and the MyoScience Acquisition, we acquired intangible assets consisting of developed technology intangible assets and customer relationships, with estimated useful lives between 9 and 14 years. For more information, see Note 9, *Goodwill and Intangible Assets*, to our consolidated financial statements included herein.

Goodwill Impairment

The following table provides a summary of goodwill impairments during the periods indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Goodwill impairment	$ —	$ 163,243	(100)%

During the year ended December 31, 2024, the FDA approved a generic competitor to EXPAREL and a U.S. District Court ruled that one of our EXPAREL patents was not valid. Due to these events and a subsequent decrease in our common stock price, it was determined these qualitative factors indicated it was more likely than not that the fair value of goodwill may be less than its carrying value. Accordingly, we performed a quantitative assessment through a discounted cash flow model (or income approach), which resulted in the carrying value of the Company exceeding its fair value by more than the goodwill balance. As a result, the then-goodwill balance of $163.2 million was recorded as fully impaired during the year ended December 31, 2024.

Contingent Consideration Gains, Acquisition-related Expenses, Restructuring and Other

The following table provides a summary of the costs (gains) related to contingent consideration, restructuring charges, acquisition-related charges and other activities during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Contingent consideration gains	$ (2,175)	$ (4,457)	(51)%
Restructuring charges	3,674	8,532	(57)%
Acquisition-related expenses	2,895	1,462	98%
Legal settlement	7,000	—	N/A
Legal judgment	(23,148)	—	N/A
Impairment of acquired IPR&D	25,866	—	N/A
Loss on lease termination	—	2,165	(100)%
Total contingent consideration gains, acquisition-related expenses, restructuring and other	$ 14,112	$ 7,702	83%

In 2025 and 2024, we recognized contingent consideration gains of $2.2 million and $4.5 million, respectively, due to adjustments reflecting the probability of achieving the remaining Flexion sales-based milestones by December 31, 2030—the milestone expiration date, partially offset by revisions to our weighted average cost of capital and discount rates. For more information, see Note 12, *Financial Instruments,* to our consolidated financial statements included herein.

In 2025, as a result of improving manufacturing efficiencies for EXPAREL, we decommissioned our 45-liter batch manufacturing suite and instituted a reduction in force at our Science Center Campus in San Diego, California. Our enhanced efficiencies are the result of our multi-year investment in two enhanced, large-scale 200+ liter EXPAREL batch manufacturing suites located in San Diego and Swindon, U.K. As a result, we recognized $3.7 million of employee termination benefit charges which consisted of garden leave under California employment law, severance, healthcare benefits, and, to a lesser extent, other one-time termination benefits.

In 2024, we initiated a restructuring plan designed to ensure that we are well positioned for long-term growth. The restructuring plan included, among other things: (i) reshaping the Company's executive team; (ii) reallocating efforts and resources from our ex-U.S. and certain early-stage development programs to our commercial portfolio in the U.S. market and (iii) reprioritizing investments to focus on other commercial initiatives. As a result, in 2024, we recognized restructuring charges of $8.5 million related to employee termination benefits, such as the acceleration of share-based compensation, severance, and, to a lesser extent, other employment-related termination costs, as well as contract termination costs.

In 2025, we recognized acquisition-related charges of $2.9 million, primarily related to third-party services and legal fees associated with the GQ Bio Acquisition. In 2024, we recognized acquisition-related charges of $1.5 million, primarily related to vacant and underutilized Flexion leases that were assumed from the Flexion Acquisition.

In 2025, we recognized legal settlement costs of $7.0 million related to the settlement of the patent infringement suits against the eVenus ANDA Filers in recognition of our expected savings with respect to, among other things, the avoidance of fees, costs, time and resources associated with continuing the litigations.

In 2025, we recognized a legal judgment of $23.1 million in other income upon receipt of a cash payment associated with the U.S. District Court for the District of Nevada issuing judgment declaring that RDF was required to repay us the royalties on EXPAREL sales that we previously paid under protest. In May and September 2025, RDF filed two notices of appeal. A consolidated appeal is pending.

In 2025, we recorded a $25.9 million in-process research and development (IPR&D) impairment associated with our ZILRETTA shoulder asset due to revised completion timelines for clinical trials and commercial availability which directly impacted revenue forecasts, among other factors.

In 2024, we recognized a loss of $2.2 million associated with exiting a lease to a training center located in Houston, Texas.

For more information on these matters, see Note 4, *GQ Bio Therapeutics Acquisition*, Note 8, *Leases*, Note 9, *Goodwill and Intangible Assets*, Note 12, *Financial Instruments*, Note 18, *Contingent Consideration Gains, Acquisition-related Expenses, Restructuring and Other* and Note 20, *Commitments and Contingencies* to our consolidated financial statements included herein.

Other (Expense) Income, Net

The following table provides information regarding other income (expense), net during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Interest income	$ 22,732	$ 19,689	15%
Interest expense	(17,446)	(16,569)	5%
(Loss) gain on early extinguishment of debt	(983)	7,518	N/A
Other, net	(6,620)	(373)	100%+
Total other (expense) income, net	$ (2,317)	$ 10,265	N/A

Total other expense, net was $2.3 million in 2025 versus total other income, net of $10.3 million in 2024.

Interest income increased 15% in 2025 versus 2024 primarily due to interest income of $5.3 million associated with the legal judgment surrounding the RDF proceeding, as well as interest realized on a GQ Bio note receivable investment we had made prior to the GQ Bio Acquisition. These increases were partially offset by lower interest rates and lower cash balances after repayment of the 2025 Notes (as defined below) and treasury stock repurchases. For more information on the RDF legal judgment, see Note 20, *Commitments and Contingencies,* to our consolidated financial statements included herein.

The 5% increase in interest expense was primarily driven by the completion of a project that had incurred capitalized interest in the comparable period, as well as issuing the 2029 Notes (as defined below) in May 2024, partially offset by the August 2025 maturity of the 2025 Notes and entering into the lower interest rate Revolving Credit Facility in July 2025. For more information, see Note 11, *Debt*, to our consolidated financial statements herein.

In 2025, we recognized a $1.0 million loss on early extinguishment of debt in conjunction with the repayment of a credit agreement (the TLA Term Loan). In 2024, we recognized a $7.5 million gain on early extinguishment of debt in conjunction with the repurchase of $200.0 million aggregate principal of our 2025 Notes. The partial repurchase of the 2025 Notes was completed with our net proceeds from the issuance of the 2029 Notes. For more information, See Note 11, *Debt,* to our consolidated financial statements herein.

The $6.6 million other net loss during the year ended December 31, 2025 was primarily driven by an impairment of an equity investment and convertible note receivable totaling $11.0 million, partially offset by a realized gain associated with a previously acquired equity investment in GQ Bio that increased in fair value resulting from the GQ Bio Acquisition. For more information, see Note 4, *GQ Bio Therapeutics Acquisition*, and Note 12, *Financial Instruments*, to our consolidated financial statements included herein.

Income Tax Expense

The following table provides information regarding our income tax expense during the years indicated, including percent changes (dollar amounts in thousands):

	Year Ended December 31,		% Increase / (Decrease)
	2025	2024	
Income (loss) before income taxes	$ 16,874	$ (63,106)	N/A
Income tax expense	$ 9,840	$ 36,454	(73)%
Effective tax rate	58%	(58)%	

We recorded income tax expense of $9.8 million and $36.5 million for the years ended December 31, 2025 and 2024, respectively.

The effective tax rate of 58% for the year ended December 31, 2025 differed from the U.S. statutory tax rate of 21% primarily due to costs related to non-deductible stock-based compensation and non-deductible executive compensation, partially offset by tax credits.

The effective tax rate of (58)% for the year ended December 31, 2024 differed from the U.S. statutory tax rate of 21% primarily due to non-deductible goodwill impairment charges and costs related to non-deductible executive compensation and stock-based compensation, mainly related to expired stock options.

Liquidity and Capital Resources

Since our inception in 2006, we have devoted most of our cash resources to manufacturing, R&D and selling, general and administrative activities related to the development and commercialization of EXPAREL. We acquired ZILRETTA as part of the Flexion Acquisition in November 2021 and iovera° as part of the MyoScience Acquisition in April 2019. In addition, we acquired GQ Bio in February 2025 to further develop PCRX-201 and establish our HCAd platform. We are primarily dependent on the commercial success of EXPAREL and ZILRETTA. We have financed our operations primarily with the proceeds from the sale of convertible senior notes and other debt, common stock and product sales. As of December 31, 2025, we had an accumulated deficit of $199.3 million, cash and cash equivalents and available-for-sale investments of $238.4 million and working capital of $427.4 million.

We expect that our cash and cash equivalents and available-for-sale investments on hand will be adequate to cover our short-term liquidity needs, and that we would be able to access other sources of financing should the need arise.

Summary of Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the years ended December 31, 2025 and 2024 (in thousands):

	Year Ended December 31,	
Consolidated Statements of Cash Flows Data:	**2025**	**2024**
Net cash provided by (used in):		
Operating activities	$ 151,994	$ 189,389
Investing activities	99,481	(83,276)
Financing activities	(369,627)	17,363
Effect of exchange rate changes on cash and cash equivalents	(77)	—
Net (decrease) increase in cash and cash equivalents	$ (118,229)	$ 123,476

Operating Activities

In 2025, net cash provided by operating activities was $152.0 million compared to $189.4 million in 2024. The decrease of $37.4 million was attributable to increased operating expenses driven by investing in programs to drive awareness and education for our customers and enhance our marketing, market access and reimbursement teams. We also incurred increased clinical and preclinical expenses as we continue to invest in our pipeline development and made a higher investment in inventory. These were partially offset by receiving $28.3 million related to a legal judgment by the U.S. District Court for the District of Nevada in the RDF legal proceeding and improvements in gross margin.

See Note 20, *Commitments and Contingencies*, to our consolidated financial statements included herein for further discussion on the RDF matter.

Investing Activities

In 2025, net cash provided by investing activities was $99.5 million, which reflected $132.8 million of available-for-sale investment sales (net of purchases), partially offset by $16.7 million related to the cash consideration for the GQ Bio Acquisition (net of cash acquired) as well as $15.3 million primarily related to capital expenditures for manufacturing product fill lines.

In 2024, net cash used in investing activities was $83.3 million, which reflected $72.6 million of available-for-sale investment purchases (net of sales) and $10.6 million of capital expenditures for manufacturing product fill lines and our EXPAREL capacity expansion project at our Science Center Campus in San Diego, California.

Financing Activities

In 2025, net cash used in financing activities was $369.6 million, which primarily consisted of the $202.5 million maturity of the 2025 Notes; a $105.3 million repayment and extinguishment of the TLA Term Loan primarily funded by a $101.0 million Revolving Credit Facility draw, $10.0 million of which was subsequently repaid; $148.3 million in settled purchases of treasury stock under a new $300.0 million share repurchase program authorized by our board of directors in April 2025; as well as $5.6 million to withhold shares of common stock to cover employee tax withholding obligations upon the vesting of restricted stock units. There was also $2.8 million of proceeds from the issuance of common stock through our ESPP. See Note 11, *Debt*, to our consolidated financial statements included herein for further discussion on the maturity of the 2025 Notes, the TLA Term Loan and the Revolving Credit Facility.

In 2024, net cash provided by financing activities was $17.4 million, which primarily consisted of $287.5 million in proceeds from the issuance of the 2029 Notes. We used the majority of the proceeds from the 2029 Notes to make a partial repurchase of the 2025 Notes in the amount of $191.0 million, enter into a capped call transaction for $26.7 million, repurchase $25.0 million of treasury stock, and pay debt issuance and financing costs of $9.4 million. Additionally, we made $11.3 million of voluntary prepayments associated with the TLA Term Loan and paid the remaining $8.6 million of 3.375% convertible senior notes due 2024 assumed from the Flexion Acquisition (the “Flexion 2024 Notes”) upon their maturity. See Note 10, Debt, to our consolidated financial statements included herein for further discussion on the Flexion 2024 Notes, 2025 Notes, 2029 Notes, the capped call transaction and the TLA Term Loan. There was also $2.3 million of proceeds from the issuance of common stock through our ESPP.

Equity Financings

From our inception in December 2006 through December 31, 2025, we have raised $344.5 million of net proceeds from the sale of common stock and other equity securities via public offerings.

Share Repurchase Program

In May 2024, we announced that our board of directors approved a share repurchase program, which has since been suspended and replaced (as discussed below), which authorized us to repurchase up to an aggregate of $150.0 million of our outstanding common stock. During the year ended December 31, 2024, concurrently with the pricing of the offering of the 2029 Notes, we entered into separate privately negotiated agreements with certain of the initial purchasers of the 2029 Notes or their respective affiliates and/or certain other financial institutions to repurchase 837,240 shares of our common stock for a total cost of $25.1 million, inclusive of $0.1 million of accrued excise tax.

In April 2025, we announced that our board of directors approved a new share repurchase program, which replaced the previously authorized share repurchase program and was effective immediately, which authorizes us to repurchase up to an aggregate of $300.0 million of our outstanding common stock. Repurchases under this program may be made at management's discretion on the open market or through privately negotiated transactions, including plans that comply with Rule 10b5-1 under the Exchange Act. The share repurchase program may be suspended or discontinued at any time by us and has an expiration date of December 31, 2026. During the year ended December 31, 2025, we repurchased 5,936,798 shares of our common stock through open market transactions for $151.4 million which included $0.1 million of broker fees and $1.3 million of accrued excise tax.

As of December 31, 2025, we had remaining authorization to repurchase approximately $150.0 million of our common stock, subject to restrictions under the Indenture.

Debt

Revolving Credit Facility

On July 3, 2025, we entered into a credit agreement (the "Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, swingline lender and an issuing bank, and certain lenders, to, among other things, refinance the indebtedness outstanding under our TLA Credit Agreement (as defined below) and provide ongoing working capital. The Credit Agreement provides for a senior secured revolving credit facility (the "Revolving Credit Facility") in an aggregate commitment amount of $300.0 million, with a letter of credit sublimit of $10.0 million and swingline loan sublimit of $15.0 million. The credit facility is secured by substantially all of our and each subsidiary guarantor's assets and matures on July 3, 2030, subject to certain exceptions set forth in the Credit Agreement. Subject to certain conditions, we may, at any time, on one or more occasions, add one or more new classes of term facilities and/or increase the principal amount of any existing class of term loans by requesting one or more incremental term facilities in an aggregate principal amount not to exceed the greater of $225.0 million and 100% of Consolidated EBITDA (as defined in the Credit Agreement).

Each revolving loan borrowing which is an alternate base rate borrowing will bear interest at a rate per annum equal to (i) a base rate, plus (ii) a spread based on our Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) ranging from 1.50% to 2.25%. Each revolving loan borrowing which is a term benchmark borrowing or daily simple SOFR (as defined in the Credit Agreement) borrowing will bear interest at a rate per annum equal to (i) a forward-looking term rate based on SOFR or a rate determined by reference to the daily simple SOFR, plus (ii) a spread based on our Senior Secured Net Leverage Ratio ranging from 2.50% to 3.25%.

The Credit Agreement also contains customary affirmative and negative covenants, financial covenants, representations and warranties, events of default and other provisions. As of December 31, 2025, we were in compliance with all covenants under the Credit Agreement.

Upon entering into the Credit Agreement, we borrowed $101.0 million under the Revolving Credit Facility, of which $91.0 million is outstanding as of December 31, 2025 after we made repayments of $10.0 million during the year ended December 31, 2025.

2028 Term Loan A Facility

On March 31, 2023, we entered into a credit agreement (as amended, the "TLA Credit Agreement"). The term loan issued under the TLA Credit Agreement (the "TLA Term Loan") was issued at a 0.30% discount and provides for a single-advance term loan A facility in the principal amount of $150.0 million, which is secured by substantially all of our and any subsidiary guarantor's assets.

The TLA Term Loan was scheduled to mature on March 31, 2028 and the TLA Credit Agreement required quarterly repayments of principal in the amount of $2.8 million which commenced on June 30, 2023 and increased to $3.8 million on March 31, 2025, with an originally stated balloon payment of approximately $85.3 million due at maturity.

On July 3, 2025, we used a portion of the $300.0 million of Revolving Credit Facility to repay the remaining indebtedness outstanding under the TLA Credit Agreement, which consisted of $98.8 million and its final interest payment of $0.1 million, and terminated the TLA Credit Agreement. We did not incur any prepayment penalties or fees in connection with the termination of the TLA Credit Agreement. The prepayment resulted in a loss on early extinguishment of debt of approximately $1.0 million which was recognized during the year ended December 31, 2025. Prior to the TLA Credit Agreement extinguishment, we made voluntary principal prepayments of $6.6 million during the year ended December 31, 2025 and $11.3 million during the year ended December 31, 2024.See Note 11, *Debt,* to our consolidated financial statements included herein for further discussion.

2029 Convertible Senior Notes

In May 2024, we completed a private placement of $287.5 million in aggregate principal amount of its 2.125% convertible senior notes due 2029, or 2029 Notes, and entered into an indenture with Computershare Corporate Trust, National Association, or 2029 Indenture, with respect to the 2029 Notes. The 2029 Notes accrue interest at a fixed rate of 2.125% per year, payable semiannually in arrears on May 15th and November 15th of each year. The 2029 Notes mature on May 15, 2029.

At December 31, 2025, all $287.5 million of principal was outstanding on the 2029 Notes. See Note 11, *Debt,* to our consolidated financial statements included herein for further discussion.

2025 Convertible Senior Notes

In July 2020, we completed a private placement of $402.5 million in aggregate principal amount of our 0.750% convertible senior notes due 2025, or 2025 Notes, and entered into an indenture with respect to the 2025 Notes. The 2025 Notes accrued interest at a fixed rate of 0.750% per annum, which was payable semiannually in arrears on February 1st and August 1st of each year.

In May 2024, we used part of the net proceeds from the issuance of the 2029 Notes to repurchase $200.0 million aggregate principal amount of the 2025 Notes in privately negotiated transactions at a discount for $191.4 million in cash (including accrued interest). The partial repurchase of the 2025 Notes resulted in a $7.5 million gain on early extinguishment of debt during the year ended December 31, 2024.

On August 1, 2025, the 2025 Notes matured and we settled the remaining outstanding principal balance of $202.5 million in cash. Upon the maturity of the 2025 Notes, a nominal gain on extinguishment of debt was recognized due to certain holders having converted their 2025 Notes. See Note 11, *Debt,* to our consolidated financial statements included herein for further discussion.

Future Capital Requirements

We believe that our existing cash and cash equivalents, available-for-sale investments and cash received from product sales will be sufficient to enable us to fund our operating expenses, capital expenditure requirements and payment of the interest and principal on our Revolving Credit Facility and 2029 Notes through the next 12 months. Our future use of operating cash and capital requirements will depend on many forward-looking factors, including, but not limited to:

- the cost and timing of the potential milestone payments to former Flexion stockholders, which could be up to an aggregate of $372.3 million if certain regulatory and commercial milestones are met. See Note 12, *Financial Instruments*, to our consolidated financial statements included herein for more information;
- the impact of global economic conditions—including the impact of inflation and tariffs—on our products, material and labor costs, supply chain, longer lead-times, an inability to procure a sufficient supply of materials, our operating expenses and our business strategy;
- the timing of and extent to which the holders of our 2029 Notes elect to convert their 2029 Notes, and the amount of borrowings and interest payments on our Revolving Credit Facility;
- the costs and our ability to successfully continue to expand the commercialization of EXPAREL, ZILRETTA and iovera°;
- the cost and timing of expanding and maintaining our manufacturing and administrative facilities and capabilities;

- the cost and timing of additional strategic investments, including additional investments under existing agreements;
- the costs related to legal and regulatory matters, including those to develop and defend our intellectual property;
- the costs of performing additional clinical trials for our products and product candidates, including the additional pediatric trials required by the FDA and EMA as a condition of the approval of EXPAREL and clinical trials for PCRX-201;
- the costs for the development and commercialization of other product candidates;
- the costs and timing of future payments under our employee benefit plans, including but not limited to our cash long-term incentive plan and non-qualified deferred compensation plan;
- the extent to which we acquire or invest in products, businesses and technologies; and
- the timing and the number of shares of our common stock either repurchased through our $300.0 million share repurchase program announced in April 2025, which has an expiration date of December 31, 2026 or withheld to cover employee tax withholding obligations on restricted stock unit vests.

We may require additional debt or equity financing to meet our future operating and capital requirements. We have no committed external sources of funds, and additional equity or debt financing may not be available on acceptable terms, if at all. In particular, capital market disruptions or negative economic conditions may hinder our access to capital.

Contractual Obligations

We had one convertible senior note outstanding as of December 31, 2025, for which $287.5 million in aggregate principal amount is due on our 2029 Notes in May 2029. The remaining interest payments on our 2029 Notes is $21.2 million, of which $6.1 million is due in 2026. As of December 31, 2025, there is a contractually obligated principal payment of $287.5 million in 2029. Additionally, we had one revolving credit facility outstanding as of December 31, 2025, for which $91.0 million is outstanding as of December 31, 2025 and all of which is due in 2030.

In the normal course of business, we enter into various lease agreements for manufacturing, R&D and corporate activities, which are typically classified as operating leases under the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*. As of December 31, 2025, we had net minimum commitments of $53.5 million, of which $12.8 million are due in 2026. As of December 31, 2025, we also entered into a lease for additional office space at our principal executive offices in Brisbane, California that will commence in 2026 and has net minimum commitments of $22.5 million, of which none is due in 2026. For more information, refer to Note 8, *Leases*, to our consolidated financial statements included herein.

In addition, we have approximately $37.2 million of minimum, non-cancelable contractual commitments for contract manufacturing services as of December 31, 2025, of which $19.5 million is due in 2026, $16.0 million is due in 2027 and the remaining $1.7 million is due in 2028. We have approximately $9.1 million of minimum, non-cancelable contractual commitments for the purchase of certain raw materials as of December 31, 2025, of which $3.1 million is due in each of 2026 and 2027, $1.7 million in 2028, and $0.6 million in each of 2028 and 2029. We had $8.3 million of other minimum, non-cancelable contractual commitments as of December 31, 2025, of which $6.3 million is due in 2026 $0.8 million in 2027, $0.7 million in 2028 and the remaining $0.5 million is due thereafter.

As part of the Flexion Acquisition, there are up to $372.3 million in potential payments if all regulatory and commercial milestones are met prior to December 31, 2030. For more information, see Note 12, *Financial Instruments*, to our consolidated financial statements included herein.

Critical Accounting Estimates

We have based our Management's Discussion and Analysis of our Financial Condition and Results of Operations on our financial statements that have been prepared in accordance with GAAP in the U.S. The preparation of these financial statements requires us to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, contingent consideration, impairment of intangible assets and goodwill, inventory costs, liabilities and accruals, clinical trial expenses, stock-based compensation and the valuation of deferred tax assets. We base our estimates on historical experience, contract terms and on other factors we believe to be appropriate under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies are more fully discussed in Note 2, *Summary of Significant Accounting Policies*, to our consolidated financial statements included herein. The following accounting policies, which may include significant judgments and estimates, were used in the preparation of our consolidated financial statements.

Revenue Recognition

Revenues from sales of products are recorded net of returns allowances, prompt payment discounts, service fees, government rebates, volume rebates and chargebacks. These reserves are based on estimates of the amounts earned or to be claimed on the related sales. These amounts are treated as variable consideration, estimated and recognized as a reduction of the transaction price at the time of the sale, using the most likely amount method, except for returns, which is based on the expected value method. We include these estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized for such transaction will not occur, or when the uncertainty associated with the variable consideration is resolved. The calculation of some of these items requires management to make estimates based on sales data, historical return data, contracts, statutory requirements and other related information that may become known in the future. The adequacy of these provisions is reviewed on a quarterly basis. If our assessments, experiences or judgments are not accurate estimates of future results, our results of operations could be affected. The sensitivity of our estimates varies by program. Estimates associated with chargebacks and government programs have the greatest risk of being subject to adjustment because of the time delay between recording the accrual and the final settlement. Historically, adjustments to these estimates to reflect actual results or updated expectations have not been material.

The summary of activity with respect to our sales related allowances and accruals for the years ended December 31, 2025, 2024 and 2023 appears in Note 5, *Revenue*, to our consolidated financial statements included herein.

Contingent Consideration

Subsequent to an acquisition, we measure contingent consideration arrangements at fair value for each period with changes in fair value recognized in the consolidated statements of operations as contingent consideration gains, acquisition-related expenses, restructuring and other. Changes in contingent consideration can result from changes in the assumed achievement and timing of estimated sales and regulatory approvals. In the absence of new information, changes in fair value reflect the impact of the passage of time towards the potential achievement of the milestones.

The following table includes the key assumptions used in the valuation of our contingent consideration milestones:

Assumption	Ranges Utilized as of December 31, 2025
Discount rates	7.3% to 7.5%
Probability of payment for remaining regulatory milestones	0%

The maximum remaining potential payments related to contingent consideration from the Flexion Acquisition is $372.3 million as of December 31, 2025. Changes to assumptions may result in a material impact to the calculated amounts. Additionally, the forecasted revenue annual growth rates are key assumptions in the contingent consideration valuations associated with our commercial milestones. The impact of a hypothetical 10 percent increase in the forecasted annual growth rates would have increased the value of our contingent consideration liability associated with the Flexion Acquisition as of December 31, 2025 by $6.9 million. The impact of a hypothetical 100 basis point increase in the discount rate would have reduced the value of our contingent consideration liability associated with the Flexion Acquisition as of December 31, 2025 by $0.3 million.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in a business combination and is subject to impairment testing at least annually or upon the occurrence of a triggering event that could indicate a potential impairment. We have historically tested goodwill for impairment by performing a qualitative assessment in order to determine whether facts and circumstances support a determination that reporting unit fair values are greater than their carrying values. This has historically been performed using readily available market data and company-specific factors.

If we determine that it is more likely than not that the fair value of the Company is less than its carrying value, a quantitative test is required. This is performed by comparing the fair value of the Company with its carrying value. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, impairment is indicated, requiring recognition of a goodwill impairment charge up to the carrying value of goodwill. The fair value of the Company would be calculated through an income approach. Under the income approach, we calculate the fair value based on the present

value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to assume fair value. Our estimates of future cash flows consider past performance, current and anticipated market conditions and internal projections and operating plans which incorporate estimates for sales growth and future margins. Additional assumptions would include estimated discount rates and the probability of success for our product pipeline candidate products. We believe such assumptions would reflect current and anticipated market conditions and are consistent with those that would be used by other marketplace participants for similar valuation purposes. Such assumptions are subject to change due to changing economic and competitive conditions.

In July 2024, the FDA approved a generic competitor to EXPAREL and in August 2024, a U.S. District Court ruled that one of our EXPAREL patents was not valid. We determined that these events, combined with a subsequent decrease in our common stock price, indicated that it was more likely than not that the fair value of goodwill may be less than its carrying value, which required us to perform a quantitative impairment test. This quantitative impairment test resulted in our carrying value exceeding the fair value of the Company by more than the goodwill balance. As a result, our then-goodwill balance of $163.2 million was fully impaired during the year ended December 31, 2024.

As of December 31, 2025, our goodwill balance was $20.2 million which arose from the GQ Bio Acquisition in February 2025.

For more information, see Note 9, *Goodwill and Intangible Assets*, to our consolidated financial statements included herein.

Recent Accounting Pronouncements

See Note 3, *Recent Accounting Pronouncements*, to our consolidated financial statements included herein for further discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The primary objective of our cash equivalents and investment activities is to preserve principal while at the same time maximizing the income that we receive from our investments without significantly increasing risk. We invest in corporate bonds, commercial paper, asset-backed securities and U.S. Treasury and other government agency notes for purposes other than trading which are reported at fair value. These securities are subject to interest rate risk and credit risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. For example, if we hold a security that was issued with a fixed interest rate at the then-prevailing rate and the interest rate later rises, we expect that the fair value of our investment will decline. A hypothetical 100 basis point increase in interest rates would have increased the fair value of our available-for-sale securities at December 31, 2025 by approximately $0.4 million.

The fair value of our 2029 Notes is impacted by both the fair value of our common stock and interest rate fluctuations. As of December 31, 2025, the estimated fair value of the 2029 Notes was $1,010 per $1,000 principal amount. See Note 11, *Debt*, to our consolidated financial statements included herein for further discussion of our 2029 Notes, which bears interest at a fixed rate. At December 31, 2025, all $287.5 million of principal remains outstanding on the 2029 Notes.

The Revolving Credit Facility provides for a senior secured revolving credit facility in an aggregate commitment amount of $300.0 million, with a letter of credit sublimit of $10.0 million and swingline loan sublimit of $15.0 million. Each revolving loan borrowing which is an alternate base rate borrowing will bear interest at a rate per annum equal to (i) a base rate, plus (ii) a spread based on our Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) ranging from 1.50% to 2.25%. Each revolving loan borrowing which is a term benchmark borrowing or daily simple SOFR (as defined in the Credit Agreement) borrowing will bear interest at a rate per annum equal to (i) a forward-looking term rate based on SOFR or a rate determined by reference to the daily simple SOFR, plus (ii) a spread based on our Senior Secured Net Leverage Ratio ranging from 2.50% to 3.25%. Upon entering into the Credit Agreement, we borrowed $101.0 million under the Revolving Credit Facility, of which $91.0 million is outstanding as of December 31, 2025. As of December 31, 2025, borrowings under the Revolving Credit Facility consisted entirely of term SOFR borrowings at an approximate all-in rate of 6.47%. A hypothetical 100 basis point increase in interest rates would increase interest expense over the next 12 months by approximately $0.9 million based on the balance outstanding for these borrowings as of December 31, 2025.

We have agreements with certain vendors and partners that operate in foreign jurisdictions. The more significant transactions are primarily denominated in the U.S. Dollar, subject to an annual adjustment based on changes in currency exchange rates. While we conduct operations in Europe, we are subject to foreign currency risk which is not expected to be material.

Additionally, our accounts receivable are primarily concentrated with three large wholesalers of pharmaceutical products. In the event of non-performance or non-payment, there may be a material adverse impact on our financial condition, results of operations or net cash flow.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements required by this item, together with the report of our independent registered public accounting firm, begin on page F-1 of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, which are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on their evaluation as of December 31, 2025, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2025.

Management's Report on Internal Control over Financial Reporting

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon the results of the evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of our internal control over financial reporting as of December 31, 2025 was audited by KPMG LLP, our independent registered public accounting firm, which expressed an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2025.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2025, there have been no changes in our internal control over financial reporting that occurred that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

During the quarter ended December 31, 2025, no director or executive officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item will be included in the proxy statement for our 2026 annual stockholders' meeting and is incorporated by reference into this report.

Item 11. Executive Compensation

Information required by this item will be included in the proxy statement for our 2026 annual stockholders' meeting and is incorporated by reference into this report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

Information required by this item will be included in the proxy statement for our 2026 annual stockholders' meeting and is incorporated by reference into this report.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item will be included in the proxy statement for our 2026 annual stockholders' meeting and is incorporated by reference into this report.

Item 14. Principal Accountant Fees and Services

Information required by this item will be included in the proxy statement for our 2026 annual stockholders' meeting and is incorporated by reference into this report.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this Annual Report on Form 10-K:

(1) Financial Statements

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The report of our independent registered accounting firm, KPMG LLP, with respect to the above-referenced financial statements and on internal control over financial reporting, is included in this Annual Report on Form 10-K. Their consent appears as Exhibit 23.1 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

(2) Schedules

All financial statement schedules have been omitted because they are not required, are not applicable or the information is included in the consolidated financial statements or related notes thereto.

(3) Exhibits

The following exhibits are filed with, or incorporated by reference in this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit Number	Description	Incorporation By Reference From		
		Form	Exhibit	Date Filed
2.1	Agreement and Plan of Merger, dated March 4, 2019, by and among Pacira Pharmaceuticals, Inc., PS Merger, Inc., MyoScience, Inc., and Fortis Advisors LLC, as the securityholders' representative. # †	8-K	2.1	3/5/2019
2.2	Agreement and Plan of Merger, dated as of October 11, 2021, by and among Flexion Therapeutics, Inc., Pacira BioSciences, Inc. and Oyster Acquisition Company Inc.	8-K	2.1	10/12/2021
3.1	Amended and Restated Certificate of Incorporation.	8-K	3.1	2/11/2011
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation, dated April 9, 2019.	8-K	3.1	4/9/2019
3.3	Third Amended and Restated Bylaws.	8-K	3.1	3/14/2025
4.1	Specimen Certificate Evidencing Shares of Common Stock.	10-K	4.1	2/27/2025
4.2	Indenture (including form of 2.125% Convertible Senior Notes due 2029), dated May 14, 2024, between the Registrant and Computershare Corporate Trust, National Association, as trustee.	8-K	4.1	5/14/2024
4.3	Description of Securities.	10-K	4.3	2/21/2020
10.1	Amended and Restated 2011 Stock Incentive Plan.***	8-K	10.1	6/13/2025
10.2	Form of Nonstatutory Stock Option Agreement under the Amended and Restated 2011 Stock Incentive Plan for grants made prior to February 1, 2022.***	8-K	10.3	6/4/2014
10.3	Form of Nonstatutory Stock Option Agreement (Employees) under the Amended and Restated 2011 Stock Incentive Plan for grants made on or after February 1, 2022.***	10-K	10.3	2/28/2022
10.4	Form of Nonstatutory Stock Option Agreement (Non-Employee Directors) under the Amended and Restated 2011 Stock Incentive Plan for grants made on or after February 1, 2022.***	10-K	10.4	2/28/2022
10.5	Form of Restricted Stock Unit Award Agreement (Employees) under the Amended and Restated 2011 Stock Incentive Plan for grants made prior to February 1, 2022.***	10-K	10.5	2/29/2024
10.6	Form of Restricted Stock Unit Award Agreement (Non-Employee Directors) under the Amended and Restated 2011 Stock Incentive Plan for grants made prior to February 1, 2022.***	10-K	10.6	2/29/2024
10.7	Amended and Restated 2014 Inducement Plan.* ***			
10.8	Form of Nonstatutory Stock Option Agreement under the Amended and Restated 2014 Inducement Plan.***	8-K	10.2	1/21/2025
10.9	Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2014 Inducement Plan.***	8-K	10.3	1/21/2025
10.10	Amended and Restated 2014 Employee Stock Purchase Plan.***	8-K	10.1	6/10/2022
10.11	Assignment Agreement, dated February 9, 1994, amended April 15, 2004, between the Registrant and Research Development Foundation.	S-1/A	10.4	12/3/2010
10.12	Stock Purchase Agreement, dated January 8, 2007, between SkyePharma, Inc. and the Registrant.	S-1/A	10.5	12/3/2010
10.13	Employment Agreement, dated December 20, 2023, by and between Pacira Pharmaceuticals, Inc. and Frank D. Lee.***	8-K	10.1	12/21/2023
10.14	Employment Agreement, dated October 21, 2024, by and between Pacira Pharmaceuticals, Inc. and Shawn M. Cross.***	10-K	10.18	2/27/2025
10.15	Employment Agreement, dated November 29, 2012, by and between Pacira Pharmaceuticals, Inc. and Kristen Williams.***	10-Q	10.2	4/30/2015
10.16	Amendment No. 1 to Employment Agreement, dated March 13, 2013, by and between Pacira Pharmaceuticals, Inc. and Kristen Williams.***	10-Q	10.3	4/30/2015
10.17	Amendment No. 2 to Employment Agreement, dated June 30, 2015, by and between Pacira Pharmaceuticals, Inc. and Kristen Williams.***	10-Q	10.5	7/30/2015
10.18	Amendment No. 3 to Employment Agreement, dated as of October 31, 2024, by and between Pacira Pharmaceuticals, Inc. and Kristen Williams.***	8-K	10.3	11/6/2024

Exhibit Number	Description	Incorporation By Reference From		
		Form	Exhibit	Date Filed
10.19	Amended and Restated Executive Employment Agreement, dated as of November 4, 2024, by and between Pacira Pharmaceuticals, Inc. and Lauren Riker.***	8-K	10.4	11/6/2024
10.20	Executive Employment Agreement, dated May 4, 2020, by and between Pacira Pharmaceuticals, Inc. and Jonathan Slonin.***	10-Q	10.1	5/4/2022
10.21	Amendment No. 1 to Executive Employment, dated as of October 31, 2024, by and between Pacira Pharmaceuticals, Inc. and Jonathan Slonin.***	8-K	10.2	11/6/2024
10.22	Employment Agreement by and between Pacira Pharmaceuticals, Inc. and David Stack.***	S-1/A	10.21	12/3/2010
10.23	Amendment No. 1 to Executive Employment Agreement, dated March 13, 2013, by and between Pacira Pharmaceuticals, Inc. and David Stack.***	8-K	99.3	3/18/2013
10.24	Amendment No. 2 to Executive Employment Agreement, dated June 30, 2015, by and between Pacira Pharmaceuticals, Inc. and David Stack.***	10-Q	10.2	7/30/2015
10.25	Transition and Retirement Agreement, dated September 20, 2023, by and between Pacira Pharmaceuticals, Inc. and David Stack.***	8-K	10.1	9/26/2023
10.26	Executive Employment Agreement, dated May 2, 2016, by and between Pacira Pharmaceuticals, Inc. and Charles A. Reinhart, III.***	10-Q	10.1	8/4/2016
10.27	Executive Employment Agreement, dated June 17, 2019, by and between Pacira Pharmaceuticals, Inc. and Daryl Gaugler.***	10-Q	10.1	5/3/2023
10.28	Amendment No. 1 to Executive Employment Agreement, dated as of October 31, 2024, by and between Pacira Pharmaceuticals, Inc. and Daryl Gaugler.***	8-K	10.1	11/6/2024
10.29	Form of Indemnification Agreement between the Registrant and its directors and officers.***	10-K	10.22	2/29/2024
10.30	Commercial Outsourcing Services Agreement entered into as of February 26, 2024 by the Registrant and Integrated Commercialization Solutions, Inc.††	10-K	10.23	2/29/2024
10.31	Pacira BioSciences, Inc. Deferred Compensation Plan.***	8-K	10.1	6/11/2020
10.32	Amendment No. 1 to Pacira BioSciences, Inc. Deferred Compensation Plan.***	10-K	10.25	2/28/2023
10.33	Amendment No. 2 to Pacira BioSciences, Inc. Deferred Compensation Plan.***	10-K	10.30	2/27/2025
10.34	Pacira BioSciences, Inc. Long-Term Incentive Plan.***	10-K	10.31	2/27/2025
10.35	Strategic Co-Production Agreement dated April 4, 2014,by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited.	10-Q	10.1	7/31/2014
10.36	Manufacturing and Supply Agreement dated April 4, 2014,by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited.* ††			
10.37	Technical Transfer and Service Agreement dated April 4, 2014, by and between by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited.* ††			
10.38	First Amendment to Manufacturing and Supply Agreement dated April 2, 2019 by and between Pacira Limited and Patheon UK Limited.†† ##	10-K	10.34	2/27/2025
10.39	Second Amendment to Manufacturing and Supply Agreement dated October 31, 2024 by and between Pacira Limited and Patheon UK Limited.†† ##	10-K	10.35	2/27/2025
10.40	First Amendment to Technical Transfer and Service Agreement dated November 15, 2016 by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited.##	10-K	10.37	2/27/2025
10.41	Second Amendment to Technical Transfer and Service Agreement dated May 1, 2018 by and between Pacira Limited and Patheon UK Limited.†† ##	10-K	10.38	2/27/2025
10.42	Third Amendment to Technical Transfer and Service Agreement dated April 2, 2019 by and between Pacira Limited and Patheon UK Limited.†† ##	10-K	10.39	2/27/2025
10.43	Fourth Amendment to Technical Transfer and Service Agreement dated August 30, 2019 by and between Pacira Limited and Patheon UK Limited.†† ##	10-K	10.40	2/27/2025
10.44	Fifth Amendment to Technical Transfer and Service Agreement dated December 11, 2019 by and between Pacira Limited and Patheon UK Limited.†† ##	10-K	10.41	2/27/2025
10.45	Side Letter dated June 5, 2023, to the Manufacturing and Supply Agreement by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited.††	10-K	10.2	8/2/2023

Exhibit Number	Description	Incorporation By Reference From		
		Form	Exhibit	Date Filed
10.46	Manufacturing and Supply Agreement dated July 31, 2015, between Flexion Therapeutics, Inc. and Patheon UK Limited, as amended to date.* ††			
10.47	First Amendment to Manufacturing and Supply Agreement dated May 8, 2019, between Flexion Therapeutics, Inc. and Patheon UK Limited.††	10-K	10.32	2/29/2024
10.48	Second Amendment to Manufacturing and Supply Agreement dated June 17, 2019, between Flexion Therapeutics, Inc. and Patheon UK Limited.††	10-K	10.33	2/29/2024
10.49	Third Amendment to Manufacturing and Supply Agreement dated December 1, 2023, by and between by and between Pacira Pharmaceuticals, Inc. and Patheon UK Limited.††	10-K	10.34	2/29/2024
10.50	Technical Transfer and Service Agreement dated July 31, 2015, between Flexion Therapeutics, Inc. and Patheon UK Limited, as amended to date.* ††			
10.51	Side Letter to the Manufacturing and Supply Agreement between Flexion Therapeutics, Inc. and Patheon UK Limited, dated as of April 8, 2020.††	10-K	10.38	2/28/2022
10.52	Contingent Value Right Agreement, dated as of November 19, 2021, by and between the Registrant and American Stock Transfer & Trust Company, LLC.	8-K	10.1	11/19/2021
10.53	Credit Agreement, dated as of July 3, 2025, by and among the Registrant., the lenders from time to time party thereto and Wells Fargo Bank, National Association, as administrative agent, swingline lender and an issuing bank.##	8-K	10.1	7/7/2025
10.54	Settlement Agreement, dated April 7, 2025, by and between Pacira BioSciences, Inc. and Pacira Pharmaceuticals, Inc. with Fresenius Kabi USA, LLC, eVenus Pharmaceutical Laboratories Inc., and Jiangsu Hengrui Pharmaceuticals Co., Ltd. (f/k/a Jiangsu Hengrui Medicine Co., Ltd.).†† ##	10-Q	10.1	5/8/2025
10.55	Form of Capped Call Transaction Confirmation.	8-K	10.1	5/14/2024
19	Pacira BioSciences, Inc. Insider Trading Policy.	10-K	19	2/27/2025
21.1	Subsidiaries of the Registrant.*			
23.1	Consent of KPMG LLP.*			
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a).*			
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a).*			
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**			
97	Incentive Compensation Recovery Policy.***	10-K	97	2/29/2024
101.INS*	Inline XBRL Instance Document.*			
101.SCH*	Inline XBRL Taxonomy Schema Document.*			
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase Document.*			
101.LAB*	Inline XBRL Taxonomy Label Linkbase Document.*			
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase Document.*			
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.*			
104*	Cover Page Interactive Data File (Formatted as Inline XBRL and contained in Exhibit 101).			

*	Filed herewith.
**	Furnished herewith.
***	Denotes management contract or compensatory plan or arrangement.
†	Confidential treatment has been requested or granted as to certain portions, which portions were omitted and filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Request.
††	Certain portions of the exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information (i) is not material and (ii) is the type that the Registrant treats as private or confidential.
#	Certain schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K under the Securities Exchange Act of 1934, as amended. The Company hereby undertakes to supplementally furnish copies of any omitted schedules to the Securities and Exchange Commission upon request.
##	Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to supplementally furnish copies of any omitted schedules and exhibits to the Securities and Exchange Commission upon request.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PACIRA BIOSCIENCES, INC.

Date: February 26, 2026

By: /s/ FRANK D. LEE
Frank D. Lee
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on February 26, 2026.

Principal Executive Officer

/s/ FRANK D. LEE
Frank D. Lee
Chief Executive Officer and Director

Principal Financial Officer

/s/ SHAWN M. CROSS
Shawn M. Cross
Chief Financial Officer

Principal Accounting Officer

/s/ LAUREN RIKER
Lauren Riker
Senior Vice President, Finance

Directors

/s/ MARCELO BIGAL
Marcelo Bigal

/s/ ABRAHAM CEESAY
Abraham Ceesay

/s/ CHRISTOPHER J. CHRISTIE
Christopher J. Christie

/s/ MARK FROIMSON
Mark Froimson

/s/ SAMIT HIRAWAT
Samit Hirawat

/s/ MARK KRONENFELD
Mark Kronenfeld

/s/ MICHAEL YANG
Michael Yang

/s/ ALETHIA YOUNG
Alethia Young

/s/ LAURA BREGE
Laura Brege
Chair of the Board of Directors

PACIRA BIOSCIENCES, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2025

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Auditor Location: Short Hills, NJ	
Auditor Firm ID: 185	
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Pacira BioSciences, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Pacira BioSciences, Inc. and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or

disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Fair value measurement of the contingent consideration liability associated with the acquisition of Flexion

As discussed in Notes 2 and 12 to the consolidated financial statements, the Company recognized a contingent consideration liability at its estimated fair value on the acquisition date, in connection with the acquisition of Flexion Therapeutics, Inc. (Flexion). Subsequent changes to the fair value of the contingent consideration liability are recorded in the consolidated statement of operations in the period of change. The Company estimates the fair value using a Monte Carlo simulation. The fair value of the Flexion contingent consideration as of December 31, 2025 was $18.1 million.

We identified the evaluation of the fair value measurement of the contingent consideration liability related to achieving commercial milestones associated with the acquisition of Flexion as a critical audit matter. Evaluating the fair value measurement of the contingent consideration liability required significant auditor judgment, due to the high degree of subjectivity inherent in certain assumptions with unobservable inputs that were used in the model. In particular, the fair value measurement was sensitive to management's forecasts of revenues, volatility, and discount rates. In addition, the audit effort associated with the evaluation of the Company's volatility and discount rates involved the use of valuation professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's fair value measurement process for the contingent consideration liability related to achieving commercial milestones. This included controls related to the development of the assumptions for forecasted revenues, volatility, and discount rates. We evaluated the forecasted revenues and certain commercial milestone assumptions used in the Company's models by comparing them to historical data, industry benchmarks and other third-party market data that were assessed to be relevant and reliable. We involved valuation professionals with specialized skills and knowledge, who assisted in developing an independent estimate of the discount rates and volatility assumptions using inputs from publicly available market data and comparing the results to the Company's discount rates and volatility assumptions.

Evaluation of the impairment of the ZILRETTA in-process research & development intangible

As discussed in Notes 2 and 9 to the consolidated financial statements, the Company reviews its indefinite-lived intangible assets for impairment annually and whenever an event or change in circumstances arises that indicates the carrying amount of the indefinite-lived intangible asset is at risk of not being recoverable. During the three months ended September 30, 2025, the Company determined the fair value of the ZILRETTA acquired in-process research and development (IPR&D) may be at risk of impairment due to revised completion timelines for clinical trials and commercial availability which directly impacted revenue forecasts. The Company conducted an impairment assessment comparing carrying value against the fair value estimated using a discounted cash flow model. An impairment of $25.9 million was recognized during 2025. We identified the evaluation of the impairment of the ZILRETTA IPR&D intangible asset as a critical audit matter. Subjective auditor judgment was required to evaluate the fair value of the ZILRETTA IPR&D intangible asset due to the high degree of subjectivity in the key assumptions used. The key assumptions included forecasted revenue and the discount rate, as the fair value of the intangible asset was sensitive to changes in these assumptions. Changes in the key assumptions could have a significant impact on the fair value of this intangible asset and the impairment recorded. In addition, the audit effort associated with the evaluation of the Company's discount rate involved the use of valuation professionals with specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's process used to determine the fair value of the ZILRETTA IPR&D intangible asset. This included controls related to the development of the key assumptions. We evaluated the forecasted revenue used by the Company to determine fair value, by comparing the underlying elements of the forecasted revenue assumptions to industry data. We involved valuation professionals with specialized skills and knowledge, who assisted in developing an independent estimate of the discount rate using inputs from publicly available market data and comparing the results to the Company's discount rate assumption.

/s/ KPMG LLP

We have served as the Company's auditor since 2015.

Short Hills, New Jersey
February 26, 2026

PACIRA BIOSCIENCES, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	December 31,	
	2025	**2024**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 158,545	$ 276,774
Short-term available-for-sale investments	79,879	207,841
Accounts receivable, net	124,069	113,304
Inventories, net	152,863	125,282
Prepaid expenses and other current assets	32,618	21,929
Total current assets	547,974	745,130
Fixed assets, net	140,690	167,169
Right-of-use assets, net	41,777	49,222
Goodwill	20,214	—
Intangible assets, net	368,100	425,970
Deferred tax assets	123,854	130,376
Investments and other assets	22,308	35,649
Total assets	$ 1,264,917	$ 1,553,516
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 15,150	$ 19,133
Accrued expenses	95,601	80,124
Lease liabilities	9,839	8,887
Current portion of long-term debt, net	—	201,776
Total current liabilities	120,590	309,920
Long-term debt, net	372,189	383,545
Lease liabilities	36,176	44,645
Contingent consideration	18,066	20,241
Deferred tax liabilities	4,213	—
Other liabilities	20,572	16,817
Total liabilities	571,806	775,168
Commitments and contingencies (Note 20)		
Stockholders' equity:		
Preferred stock, par value $0.001; 5,000,000 shares authorized; none issued and outstanding at December 31, 2025 and 2024	—	—
Common stock, par value $0.001; 250,000,000 shares authorized; 47,890,777 shares issued and 41,116,739 shares outstanding at December 31, 2025 and 47,077,844 shares issued and 46,240,604 shares outstanding at December 31, 2024	48	47
Treasury stock, at cost, inclusive of excise tax and broker fees, 6,774,038 and 837,240 shares at December 31, 2025 and 2024, respectively	(176,565)	(25,121)
Additional paid-in capital	1,064,623	1,009,435
Accumulated deficit	(199,322)	(206,356)
Accumulated other comprehensive income	4,327	343
Total stockholders' equity	693,111	778,348
Total liabilities and stockholders' equity	$ 1,264,917	$ 1,553,516

See accompanying notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Year Ended December 31,		
	2025	**2024**	**2023**
Revenues:			
Net product sales	$ 722,854	$ 697,186	$ 672,245
Royalty revenue	3,557	3,780	2,733
Total revenues	726,411	700,966	674,978
Operating expenses:			
Cost of goods sold	149,749	170,428	184,669
Research and development	117,312	81,577	76,257
Selling, general and administrative	368,759	294,099	269,441
Amortization of acquired intangible assets	57,288	57,288	57,288
Goodwill impairment	—	163,243	—
Contingent consideration gains, acquisition-related expenses, restructuring and other	14,112	7,702	(352)
Total operating expenses	707,220	774,337	587,303
Income (loss) from operations	19,191	(73,371)	87,675
Other income (expense):			
Interest income	22,732	19,689	11,444
Interest expense	(17,446)	(16,569)	(20,306)
(Loss) gain on early extinguishment of debt	(983)	7,518	(16,926)
Other, net	(6,620)	(373)	(186)
Total other (expense) income, net	(2,317)	10,265	(25,974)
Income (loss) before income taxes	16,874	(63,106)	61,701
Income tax expense	(9,840)	(36,454)	(19,746)
Net income (loss)	$ 7,034	$ (99,560)	$ 41,955
Net income (loss) per share:			
Basic net income (loss) per common share	$ 0.16	$ (2.15)	$ 0.91
Diluted net income (loss) per common share	$ 0.16	$ (2.15)	$ 0.89
Weighted average common shares outstanding:			
Basic	44,566	46,245	46,222
Diluted	45,042	46,245	51,979

See accompanying notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

	Year Ended December 31,		
	2025	**2024**	**2023**
Net income (loss)	$ 7,034	$ (99,560)	$ 41,955
Other comprehensive income (loss):			
Net unrealized (loss) gain on investments, net of tax	(93)	66	647
Foreign currency translation adjustments	4,077	30	(20)
Total other comprehensive income	3,984	96	627
Comprehensive income (loss)	$ 11,018	$ (99,464)	$ 42,582

See accompanying notes to consolidated financial statements

PACIRA BIOSCIENCES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023
(In thousands)

	Number of Shares Outstanding							
	Common Shares	Treasury Shares	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2022	45,928	—	$ 46	$ —	$ 924,095	$ (148,751)	$ (380)	$ 775,010
Exercise of stock options	63	—	—	—	1,939	—	—	1,939
Vested restricted stock units	404	—	—	—	(1)	—	—	(1)
Common stock withheld for employee withholding tax liabilities on vested restricted stock units	(4)	—	—	—	(106)	—	—	(106)
Common stock issued under employee stock purchase plan	90	—	—	—	2,811	—	—	2,811
Stock-based compensation	—	—	—	—	47,895	—	—	47,895
Other comprehensive income (Note 13)	—	—	—	—	—	—	627	627
Net income	—	—	—	—	—	41,955	—	41,955
Balance at December 31, 2023	46,481	—	46	—	976,633	(106,796)	247	870,130
Vested restricted stock units	501	—	1	—	—	—	—	1
Common stock withheld for employee withholding tax liabilities on vested restricted stock units	(19)	—	—	—	(491)	—	—	(491)
Common stock issued under employee stock purchase plan	115	—	—	—	2,298	—	—	2,298
Stock-based compensation	—	—	—	—	51,171	—	—	51,171
Purchase of treasury stock, inclusive of excise tax	—	(837)	—	(25,121)	—	—	—	(25,121)
Purchase of capped call transaction, net of tax	—	—	—	—	(20,176)	—	—	(20,176)
Other comprehensive income (Note 13)	—	—	—	—	—	—	96	96
Net loss	—	—	—	—	—	(99,560)	—	(99,560)
Balance at December 31, 2024	47,078	(837)	47	(25,121)	1,009,435	(206,356)	343	778,348
Exercise of stock options	31	—	—	—	502	—	—	502
Vested restricted stock units	836	—	1	—	—	—	—	1
Common stock withheld for employee withholding tax liabilities on vested restricted stock units	(217)	—	—	—	(5,617)	—	—	(5,617)
Common stock issued under employee stock purchase plan	163	—	—	—	2,801	—	—	2,801
Stock-based compensation	—	—	—	—	57,502	—	—	57,502
Purchase of treasury stock, inclusive of excise tax and broker fees	—	(5,937)	—	(151,444)	—	—	—	(151,444)
Other comprehensive income (Note 13)	—	—	—	—	—	—	3,984	3,984
Net income	—	—	—	—	—	7,034	—	7,034
Balance at December 31, 2025	47,891	(6,774)	$ 48	$ (176,565)	$ 1,064,623	$ (199,322)	$ 4,327	$ 693,111

See accompanying notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2025	**2024**	**2023**
Operating activities:			
Net income (loss)	$ 7,034	$ (99,560)	$ 41,955
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Goodwill impairment	—	163,243	—
Indefinite-lived intangible asset impairment	25,866	—	—
Investment impairment	11,000	—	—
Loss on lease terminations	—	2,165	—
Deferred taxes	6,477	20,621	15,615
Depreciation of fixed assets and amortization of intangible assets	91,023	78,785	75,574
Amortization of debt issuance costs and debt discount	2,997	3,222	3,748
Loss (gain) on early extinguishment of debt	983	(7,518)	16,926
Stock-based compensation	57,502	51,171	47,895
Changes in contingent consideration	(2,175)	(4,457)	(3,424)
Net accretion of discount on available-for-sale investments	(4,927)	(7,421)	(4,576)
Other net (gains) losses	(5,520)	236	2,137
Changes in operating assets and liabilities:			
Accounts receivable, net	(10,742)	(7,748)	(7,159)
Inventories, net	(27,567)	(20,929)	(8,290)
Prepaid expenses and other assets	(1,212)	61	(5,063)
Accounts payable	(5,598)	3,084	916
Accrued expenses and other liabilities	6,853	14,434	(21,605)
Net cash provided by operating activities	151,994	189,389	154,649
Investing activities:			
Acquisition of GQ Bio Therapeutics GmbH (net of cash acquired)	(16,702)	—	—
Purchases of fixed assets	(15,333)	(10,636)	(15,161)
Purchases of available-for-sale investments	(141,041)	(252,212)	(137,608)
Sales of available-for-sale investments	273,807	179,572	237,068
Purchases of debt and equity investments	(1,250)	—	(6,758)
Net cash provided by (used in) investing activities	99,481	(83,276)	77,541
Financing activities:			
Proceeds from exercises of stock options	502	—	1,939
Proceeds from shares issued under employee stock purchase plan	2,801	2,298	2,811
Payment of employee withholding taxes on restricted stock unit vests	(5,617)	(491)	(106)
Purchase of treasury stock, inclusive of broker fees	(148,328)	(25,000)	—
Proceeds from Revolving Credit Facility	101,000	—	—
Proceeds from 2029 convertible senior notes	—	287,500	—
Proceeds from Term loan A facility	—	—	149,550
Repayment of 2024 convertible senior notes	—	(8,641)	—
Repayment of 2025 convertible senior notes	(202,487)	(190,994)	—
Repayment of Term loan B facility	—	—	(296,875)
Repayment of Term loan A facility	(105,312)	(11,250)	(33,437)
Repayment of Revolving Credit Facility	(10,000)	—	—
Purchase of capped call transactions	—	(26,709)	—
Debt extinguishment costs	—	—	(5,750)
Payment of debt issuance and financing costs	(2,186)	(9,350)	(1,163)
Net cash (used in) provided by financing activities	(369,627)	17,363	(183,031)
Effect of exchange rate changes on cash and cash equivalents	(77)	—	—
Net (decrease) increase in cash and cash equivalents	(118,229)	123,476	49,159
Cash and cash equivalents, beginning of year	276,774	153,298	104,139
Cash and cash equivalents, end of year	$ 158,545	$ 276,774	$ 153,298

See accompanying notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands)

	Year Ended December 31,		
	2025	**2024**	**2023**
Supplemental cash flow information:			
Cash paid for interest	$ 15,235	$ 15,418	$ 27,635
Non-cash investing and financing activities:			
Fixed assets included in accounts payable and accrued liabilities	$ 1,468	$ 5,565	$ 1,982
Share repurchases included in accrued liabilities	$ 1,792	$ —	$ —
Excise tax on share repurchases included in accrued liabilities	$ 1,324	$ 121	$ —

See accompanying notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—DESCRIPTION OF BUSINESS

Pacira BioSciences, Inc. and its subsidiaries (collectively, the "Company" or "Pacira") deliver innovative, non-opioid pain therapies to transform the lives of patients. The Company's long-acting, local analgesic, EXPAREL® (bupivacaine liposome injectable suspension), was commercially launched in the United States, or U.S., in April 2012 and approved in select European countries and the United Kingdom, or U.K., in November 2021. EXPAREL utilizes the Company's proprietary multivesicular liposome, or pMVL, drug delivery technology that encapsulates drugs without altering their molecular structure and releases them over a desired period of time. EXPAREL is currently indicated to produce postsurgical local analgesia via infiltration in patients aged six years and older, and postsurgical regional analgesia via an interscalene brachial plexus block in adults, a sciatic nerve block in the popliteal fossa in adults, and an adductor canal block in adults for postsurgical pain management (the safety and effectiveness of EXPAREL have not been established to produce postsurgical regional analgesia via other nerve blocks other than an interscalene brachial plexus nerve block, a sciatic nerve block in the popliteal fossa, and an adductor canal block). In November 2021, the Company acquired Flexion Therapeutics, Inc., or Flexion (the "Flexion Acquisition"), and added ZILRETTA® (triamcinolone acetonide extended-release injectable suspension) to its product portfolio. ZILRETTA is the first and only extended-release, intra-articular (meaning in the joint) injection indicated for the management of osteoarthritis, or OA, knee pain. In April 2019, the Company added iovera°® to its commercial offering with the acquisition of MyoScience, Inc., or MyoScience, (the "MyoScience Acquisition"). The iovera° system is a handheld cryoanalgesia device that delivers immediate, long-acting, drug-free pain control using precise, controlled doses of cold temperature to a targeted nerve. The Company is also advancing the development of PCRX-201 (enekinragene inzadenovec), a novel, locally administered gene therapy for the treatment of OA of the knee. PCRX-201 is the lead program from the Company's proprietary high-capacity adenovirus, or HCAd, vector platform, which enables local administration of genetic medicines and has the potential to unlock gene therapy for large prevalent diseases affecting millions of people. In February 2025, the Company acquired the remaining 81 percent equity interest in GQ Bio Therapeutics GmbH, or GQ Bio (the "GQ Bio Acquisition"), a privately-held biopharmaceutical company, which included the novel HCAd platform, a preclinical portfolio of HCAd-based assets and research and development talent. For more information on the GQ Bio Acquisition, see Note 4, *GQ Bio Therapeutics Acquisition*.

Pacira is subject to risks common to companies in similar industries and stages, including, but not limited to, competition from larger companies and potential generic entrants, reliance on revenue from three products, reliance on a limited number of wholesalers, reliance on a limited number of manufacturing sites, new technological innovations, dependence on key personnel, reliance on third-party service providers and sole source suppliers, tariffs, protection of proprietary technology, compliance with government regulations and risks related to cybersecurity.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America, or GAAP, and in accordance with the rules and regulations of the U.S. Securities and Exchange Commission, or SEC. The accounts of the Company's wholly owned subsidiaries are included in these consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications from previously issued financial statements have been made to conform to the current presentation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosure of contingent assets and contingent liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, among other things, revenue recognition, valuation of acquired assets and liabilities, stock-based compensation, inventory costs, impairments of equity investments, long-lived assets, goodwill and other intangible assets, liabilities and accruals, including contingent consideration, and the valuation of deferred tax assets. Because of the uncertainty of factors surrounding the estimates or judgments used in the preparation of the consolidated financial statements, actual results could differ from these estimates.

Revenue From Contracts With Customers

The Company's net product sales are primarily within the U.S. and consist of EXPAREL, ZILRETTA, iovera° and sales of bupivacaine liposome injectable suspension for veterinary use. See Note 5, *Revenue*, for further information on the Company's accounting policies related to revenue from contracts with customers.

Royalty Revenue

Royalties are estimated and recognized as revenue when sales to the Company's commercial partners occur, unless some constraint exists, as the royalties predominately relate to the supply of product. Royalty revenues are related to a collaborative licensing agreement from the sale of the Company's bupivacaine liposome injectable suspension product for veterinary use.

Concentration of Major Customers

The Company sells EXPAREL through a drop-ship program under which orders are processed through wholesalers (including AmerisourceBergen Health Corporation, Cardinal Health, Inc. and McKesson Drug Company), but shipments of the product are sent directly to individual accounts, such as hospitals, ambulatory surgery centers and individual physicians. The Company also sells EXPAREL directly to ambulatory surgery centers and individual physicians. The Company sells ZILRETTA primarily to specialty distributors and specialty pharmacies, who then subsequently resell ZILRETTA to physicians, clinics and certain medical centers or hospitals. The Company also contracts directly with healthcare providers and intermediaries such as Group Purchasing Organizations, or GPOs. The Company sells iovera° directly to end users and its bupivacaine liposome injectable suspension product for veterinary use to a third-party licensee in the U.S.

The table below includes the percentage of revenues comprised by the Company's three largest wholesalers in each period presented:

	Year Ended December 31,		
	2025	2024	2023
Largest wholesaler	31 %	34 %	33 %
Second largest wholesaler	26 %	23 %	24 %
Third largest wholesaler	22 %	20 %	20 %
Total	79 %	77 %	77 %

Revenue from outside the U.S. accounted for less than 1% of the Company's total revenue for each of the years ended December 31, 2025, 2024 and 2023.

Research and Development Expenses

Research and development, or R&D, expenditures are expensed as incurred. These include both internal and external costs, of which a significant portion of development activities are outsourced to third parties, including contract research organizations, or CROs. Clinical trial costs are accrued over the service periods specified in contracts and adjusted as necessary based on an ongoing review of the level of effort and actual costs incurred by the CROs. R&D costs are presented net of any reimbursements from commercial partners. Additionally, as part of the GQ Bio Acquisition, expenses related to a key employee holdback are also included in R&D.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to basis differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

With regard to uncertain tax positions, it is the Company's policy to provide for tax and related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. To the extent the Company prevails in matters for which a liability for an unrecognized tax benefit is established, the statute of limitations expires for a tax jurisdiction year or the Company is required to pay amounts in excess of the liability, its effective tax rate in a given financial statement period may be affected.

Stock-Based Compensation

The Company's stock-based compensation consists of grants of stock options and restricted stock units, or RSUs, to employees, consultants and non-employee directors, in addition to the opportunity for employees to participate in an employee stock purchase plan. The expense associated with these programs is recognized in the Company's consolidated statements of operations based on their fair values as they are earned under their applicable vesting terms or the length of an offering period.

In calculating the estimated fair value of stock options and employee stock purchase plan share options granted, the Company uses the Black-Scholes option valuation model, or Black-Scholes model, which requires the consideration of the following variables for purposes of estimating fair value in addition to the closing price of the Company's common stock on the date of grant:

- Expected term of the option
- Expected volatility
- Expected dividends
- Risk-free interest rate

The Company utilizes its historical volatility data to determine expected volatility over the expected term of the option. The Company uses an expected term based on its historical stock option activity data for stock option grants and the length of an offering period for employee stock purchase plan share option grants. The risk-free interest rate is based on the implied yield on U.S. Department of the Treasury zero-coupon bonds for periods commensurate with the expected term of the options. The dividend yield on the Company's common stock is estimated to be zero as the Company has not declared or paid any dividends since inception, nor does it have any intention to do so in the foreseeable future. Additionally, the Company's ability to declare and pay a dividend in the future could be limited per the agreements governing its indebtedness. The Company records forfeitures of grants as they occur rather than estimating forfeitures during each reporting period.

Cash and Cash Equivalents

All highly liquid investments with maturities of 90 days or less when purchased are considered cash equivalents. Cash equivalents include money market funds. As of December 31, 2025, the carrying value of the Company's money market funds was $120.7 million. As of December 31, 2024, the carrying value of money market funds was $269.4 million. The carrying values approximate fair value as of December 31, 2025 and 2024.

Available-For-Sale Investments

Available-for-sale investments may consist of asset-backed securities collateralized by credit card receivables, investment grade commercial paper, corporate bonds, federal agency bonds, government and Yankee bonds, and other bonds issued in the U.S. (and denominated in the U.S. dollar) by foreign entities. Current available-for-sale investments are those with maturities of greater than three months, but less than one year. Noncurrent available-for-sale investments hold maturities greater than one year. The Company evaluates the classification of its investments at the time of purchase and re-evaluates such determination at each balance sheet date, which includes an assessment of the intent to hold the available-for-sale securities. The Company's investment policy sets minimum credit quality criteria and maximum maturity limits on its investments to provide for preservation of capital, liquidity and a reasonable rate of return. The Company classifies its investments as available-for-sale. Available-for-sale securities are recorded at fair value, based on current market valuations. Unrealized holding gains and losses on available-for-sale securities (except for credit losses) are excluded from net income (loss) and are reported as a separate component of accumulated other comprehensive income until realized. Realized gains and losses are included in interest income in the consolidated statements of operations and are derived using the specific identification method for determining the cost of the securities sold. The Company evaluates whether a credit loss exists, and in the event a credit loss does exist, the credit loss is recognized in the consolidated statements of operations based on the amount that the fair value is less than the amortized cost.

Inventories

Inventories consist of finished goods held for sale and distribution, raw materials and work in process. Inventories are stated at the lower of cost, which includes amounts related to material, labor and overhead, or net realizable value, and is determined using the first-in, first-out method. The Company periodically reviews its inventory to identify obsolete, slow-moving, or otherwise unsalable inventories, and establishes allowances for situations in which the cost of the inventory is not expected to be recovered.

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Fixed Assets

Fixed assets are recorded at cost, net of accumulated depreciation and amortization. The Company reviews its property, plant and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Depreciation of fixed assets is provided over their estimated useful lives on a straight-line basis. The Company periodically reviews these useful lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property or equipment, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of accelerated depreciation expense in future periods. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the related remaining lease terms. Useful lives by asset category are as follows:

Asset Category	Useful Life
Computer equipment and software	1 to 3 years
Office furniture and equipment	5 years
Manufacturing and laboratory equipment	5 to 15 years

Asset Retirement Obligations

The Company has contractual obligations stemming from certain of its lease agreements to return leased space to its original condition upon termination of such lease agreements. The Company records its asset retirement obligations, or ARO, along with a corresponding capital asset in an amount equal to the estimated fair value of the ARO, based on the present value of expected future cash flows. In subsequent periods, the Company records expense to accrete the ARO to its full value. Each ARO capital asset is depreciated over the depreciable term of the associated fixed asset.

Leases

The Company recognizes right-of-use, or ROU, assets and lease liabilities at the commencement of its lease agreements. The leases are evaluated at commencement to determine whether they should be classified as operating or financing leases. Lease costs associated with operating leases are recognized on a straight-line basis, while lease costs for financing leases are recognized over the lease term using the effective interest method. The Company does not currently have any financing leases. The amount of ROU assets and lease liabilities to be recognized is impacted by the type of lease payments, the lease term and the incremental borrowing rate. Variable lease payments are not included at commencement and are recognized in the period in which they are incurred.

The Company has elected to net the reduction in the carrying amount of its ROU assets and the reduction of the lease liability principal in other liabilities in the consolidated statement of cash flows.

The lease term is based on the contractual term and is adjusted for any renewal options or termination rights that are reasonably certain to be exercised. The incremental borrowing rate is based on the rate the Company estimates it would pay on a collateralized basis over a similar term in a similar economic environment.

Acquisitions

In a business combination, the acquisition method of accounting requires that the assets acquired and liabilities assumed be recorded as of the date of the acquisition at their respective fair values, with some exceptions. Assets acquired and liabilities assumed in a business combination that arise from contingencies are generally recognized at fair value. If fair value can be determined, the asset or liability is recognized; if fair value is not determinable, then no asset or liability is recognized. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an “exit price”) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Acquired in-process research and development, or IPR&D, is recognized at fair value and initially characterized as an indefinite-lived intangible asset, irrespective of whether the acquired IPR&D has an alternative future use. If the acquired net assets do not constitute a business under the acquisition method of accounting, the transaction is accounted for as an asset acquisition and no goodwill is recognized. In an asset acquisition, the amount allocated to acquired IPR&D with no alternative future use is recorded as an expense at the acquisition date.

Any excess of the purchase price (consideration transferred) over the estimated fair values of net assets acquired is recorded as goodwill. Transaction costs and costs to restructure the acquired company are expensed as incurred. The operating results of the acquired business are reflected in the Company's consolidated financial statements after the closing date of the acquisition.

Contingent Consideration

Subsequent to an acquisition, the Company measures contingent consideration arrangements at fair value at each reporting period, with changes in fair value recognized in the consolidated statements of operations. Changes in contingent consideration can result from changes in the assumed achievement and timing of estimated sales and regulatory approvals. In the absence of new information, changes in fair value reflect the passage of time towards achievement or expiration of the milestones, and are accreted to the period in which payments are expected to be made.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in a business combination and is subject to impairment testing at least annually or upon the occurrence of a triggering event that could indicate a potential impairment. The Company has historically tested goodwill for impairment by performing a qualitative assessment in order to determine whether facts and circumstances support a determination that reporting unit fair values are greater than their carrying values. This has historically been performed using readily available market data and company-specific factors.

If the Company determines that it is more likely than not that the fair value of the Company is less than its carrying value, a quantitative test is required. This is performed by comparing the fair value of the Company with its carrying value. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, impairment is indicated, requiring recognition of a goodwill impairment charge up to the carrying value of goodwill. The fair value of the Company would be calculated through an income approach. Under the income approach, the Company calculates the fair value based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to assume fair value. The Company's estimates of future cash flows consider past performance, current and anticipated market conditions and internal projections and operating plans which incorporate estimates for sales growth and future margins. Additional assumptions would include forecasted growth rates, estimated discount rates and the probability of success for the Company's product pipeline candidate products. The Company believes such assumptions would reflect current and anticipated market conditions and are consistent with those that would be used by other marketplace participants for similar valuation purposes. Such assumptions are subject to change due to changing economic and competitive conditions.

Intangible Assets

Intangible assets with definite useful lives are amortized on a straight-line basis over their estimated useful lives and are recorded at cost, net of accumulated amortization. Indefinite-lived intangible assets are tested for impairment at least annually or when a triggering event occurs that could indicate a potential impairment exists. Impairment charges are recognized to the extent the carrying value exceeds its fair value.

Equity Investments

The Company holds investments in equity securities without a readily determinable fair value which are recognized at cost less any impairments, plus or minus any changes resulting from observable price changes in orderly transactions for a similar investment.

Impairments of Long-Lived Assets

Management reviews long-lived assets, including fixed assets and finite-lived intangible assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Per Share Data

Basic net income (loss) per common share is computed by dividing net income (loss) available (attributable) to common stockholders by the weighted average number of shares of common stock outstanding during the period.

Diluted net income (loss) per common share is calculated by dividing net income (loss) available (attributable) to common stockholders as adjusted for the effect of dilutive securities, if any, by the weighted average number of shares of common stock and dilutive common stock outstanding during the period.

Potential common shares include the shares of common stock issuable upon the exercise of outstanding stock options, the vesting of RSUs and the purchase of shares from the Company's employee stock purchase plan (using the treasury stock method), if applicable.

Potential common shares associated with convertible senior notes in which the principal can be repaid in either cash or common shares are treated under the if-converted method and adjustments are made to the diluted net income (loss) per common share calculation as if the Company had converted the convertible senior notes on the first day of each period presented. Adjustments to the numerator are made to add back the interest expense associated with the convertible senior notes on a post-tax basis. Adjustments to the denominator reflect the number of shares assumed to be convertible at the beginning of the period. The if-converted method does not apply to convertible senior notes which require that the principal must be repaid in cash. Instead, only the premium, if any, would be impacted by the if-converted method.

Treasury Stock

Repurchases of the Company's common stock are accounted for at cost and recorded as treasury stock. The broker fees incurred and excise tax on repurchases of the Company's common stock are recorded as a cost of acquiring treasury stock. Any reissued treasury stock is accounted for at average cost. Gains or losses on reissued treasury stock arising from the difference between the average cost and the fair value of the award is recorded in additional paid-in capital in the consolidated balance sheets.

Foreign Currencies

The balance sheet accounts of the Company's foreign subsidiaries with functional currencies other than the U.S. Dollar are translated using the exchange rate at each respective balance sheet date. Revenues and expenses are translated using the average exchange rates for each calendar month during the year. Translation adjustments are recorded as a component of accumulated other comprehensive income in the consolidated financial statements. Gains or losses from foreign currency exchanges are recorded in other, net in the consolidated statements of operations, whereas the overall effect of exchange rate changes to net assets are reflected on their own line item as a component of the Company's net (decrease) increase in cash and cash equivalents.

NOTE 3—RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*. The ASU amendment addresses investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The Company adopted the standard for its annual reporting which was applied on a prospective basis. Refer to Note 16, *Income Taxes*, for more information.

Recently Issued Accounting Pronouncements Not Adopted as of December 31, 2025

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40), Disaggregation of Income Statement Expenses*. The ASU amendment improves financial reporting by requiring public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The ASU's amendments are effective for annual reporting periods beginning after December 31, 2026 and interim periods beginning after December 15, 2027, with early adoption permitted. This ASU amendment can be applied on a prospective basis or retrospectively. The Company is currently evaluating the impact of adopting ASU 2024-03 on its consolidated financial statement disclosures.

In December 2025, the FASB issued ASU 2025-10, *Government Grants (Topic 832), Accounting for Government Grants Received by Business Entities*. The ASU provides the recognition requirements for a government grant received, including guidance for grants related to an asset and grants related to income. The amendments introduce two permitted approaches for asset-related grants: a deferred income approach or a cost accumulation approach. The guidance is effective for fiscal years beginning after December 15, 2028, including interim periods within those fiscal years. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. This ASU provides for adoption either on a modified prospective, modified retrospective, or retrospective basis. The Company is currently evaluating the impact of adopting ASU 2025-10 on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*. The ASU is intended to update the guidance in Topic 270 by improving navigability of the required interim disclosures and establishing a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The ASU will be effective for the interim reporting periods within annual reporting periods beginning after December 15, 2027, with the option to early adopt at any time prior to the effective date and should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact of adopting ASU 2025-11 on its consolidated financial statements.

NOTE 4—GQ BIO THERAPEUTICS ACQUISITION

On February 27, 2025, Pacira Therapeutics, Inc., a wholly-owned subsidiary of the Company, executed a securities purchase agreement to acquire the remaining 81% of GQ Bio for $30.6 million, net of working capital adjustments. Prior to the GQ Bio Acquisition, the Company owned approximately 19% of GQ Bio.

Included in the securities purchase agreement is $7.8 million related to two employees' payments to be recognized and paid over three years pursuant to a key employee holdback agreement in increments of 50%, 30% and 20% at each year's respective anniversary. During the year ended December 31, 2025, the Company recognized key employee holdback expenses of $3.2 million. The key employee holdback is subject to continued employment, and therefore the accrued payments are recognized as R&D expense within the consolidated statements of operations.

GQ Bio was a privately-held biopharmaceutical company with a novel, high-capacity, local-delivery platform that makes genetic medicines more efficient and enables the use of large and multiple gene constructs. PCRX-201 is the lead program from this platform. By acquiring GQ Bio, the Company benefits from further developing PCRX-201, recognizes cost savings associated with no longer being obligated to make milestone and royalty payments to GQ Bio, as well as establishing an R&D engine with a dedicated workforce focused on this next-generation of genetic medicine and acquiring a portfolio of preclinical assets utilizing GQ Bio's HCAd gene therapy vector platform and assets with disease-modifying potential in prevalent musculoskeletal diseases.

The following table reconciles the purchase price for the remaining 81% ownership to the total fair value of the GQ Bio Acquisition (in thousands):

Fair Value of Purchase Price Consideration	Amount
Cash consideration paid at closing	$ 17,604
Indemnification holdback	6,335
Cash payment of GQ Bio Acquisition transaction expenses	915
Settlement of previously invested note receivable	5,322
Settlement of pre-existing receivable	442
Purchase price consideration of 81% of GQ Bio	30,618
Prior 19% equity investment ownership of GQ Bio realized upon business combination	8,316
Total fair value of the GQ Bio Acquisition	$ 38,934

The Company accounted for the GQ Bio Acquisition using the acquisition method of accounting and, accordingly, has included the assets acquired, liabilities assumed and results of operations in its consolidated financial statements from the acquisition date of February 27, 2025. A $6.3 million indemnification holdback established for potential unidentified liabilities will be settled within 18 months from the acquisition date. In conjunction with the GQ Bio Acquisition, the settlement of the

Company's prior equity investment and notes receivable in GQ Bio were part of the fair value of consideration exchanged. See Note 12, *Financial Instruments*, for additional information.

The final allocation of the consideration transferred to the assets acquired and the liabilities assumed has been completed. The following tables set forth the allocation of the GQ Bio Acquisition purchase price to the estimated fair value of the net assets acquired at the acquisition date (in thousands):

	Amounts Recognized at the Acquisition Date (as Previously Reported) [a]	Measurement Period Adjustments [b]	Amounts Recognized (as Adjusted)
ASSETS ACQUIRED			
Cash and cash equivalents	$ 1,884	$ —	$ 1,884
Accounts receivable	900	—	900
Prepaid expenses and other assets	120	376	496
Fixed assets	364	—	364
Right-of-use assets	1,374	—	1,374
In-process research and development (IPR&D)	22,500	—	22,500
Other noncurrent assets	56	—	56
Total assets	$ 27,198	$ 376	$ 27,574
LIABILITIES ASSUMED			
Accounts payable	$ 1,037	$ 70	$ 1,107
Accrued expenses	91	191	282
Lease liabilities	1,374	—	1,374
Deferred tax liability	6,750	(2,934)	3,816
Other liabilities	49	—	49
Total liabilities	9,301	(2,673)	6,628
Total identifiable net assets acquired	17,897	3,049	20,946
Goodwill	20,763	(2,775)	17,988
Total fair value of the GQ Bio Acquisition	$ 38,660	$ 274	$ 38,934

(a) As previously reported in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2025.
(b) Represents an adjustment to a deferred tax liability and unrecorded prepaid expenses and liabilities related to pre-acquisition expenses that were either serviced or paid by the Company in 2025.

The acquired identifiable IPR&D assets were valued from a market participants' perspective using a multi-period excess earnings methodology (income approach). The IPR&D asset relates to further developing PCRX-201 and the cost savings associated with milestone and royalty payments. The projected cash flows for this IPR&D asset were adjusted for the probability of successful development and commercialization, and were discounted at 20.0%.

The excess of the purchase price over the fair value of identifiable net assets acquired represents goodwill. This goodwill is primarily attributable to the value in establishing an R&D engine focused on supporting products akin to PCRX-201, assembling a dedicated workforce within a niche industry, obtained preclinical assets, as well as the synergies of merging operations. The acquired goodwill and IPR&D intangible asset are not deductible for tax purposes. During the year ended December 31, 2025, the acquired GQ Bio did not earn any revenue post-acquisition as a subsidiary of the Company.

NOTE 5—REVENUE

The Company's sources of revenue are detailed in Note 2, *Summary of Significant Accounting Policies*. The Company does not consider revenue from sources other than sales of EXPAREL and ZILRETTA to be material sources of its consolidated revenue. As such, the following disclosure is limited to revenue associated with net product sales of EXPAREL and ZILRETTA.

Net Product Sales

The Company sells EXPAREL through a drop-ship program under which orders are processed through wholesalers based on orders of the product placed by end-users, namely hospitals, ambulatory surgery centers and healthcare provider offices. EXPAREL is delivered directly to the end-user without the wholesaler ever taking physical possession of the product. The Company primarily sells ZILRETTA to specialty distributors and specialty pharmacies, who then subsequently resell ZILRETTA to physicians, clinics and certain medical centers or hospitals. The Company also contracts directly with healthcare providers and intermediaries such as GPOs. Product revenue is recognized when control of the promised goods are transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods. EXPAREL and ZILRETTA revenue is recorded at the time the products are transferred to the customer.

Revenues from sales of products are recorded net of returns allowances, prompt payment discounts, service fees, government rebates, volume rebates and chargebacks. These reserves are based on estimates of the amounts earned or to be claimed on the related sales. These amounts are treated as variable consideration, estimated and recognized as a reduction of the transaction price at the time of the sale, using the most likely amount method, except for returns, which is based on the expected value method. The Company includes these estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized for such transaction will not occur, or when the uncertainty associated with the variable consideration is resolved.

Chargebacks for fees and discounts represent the estimated obligations resulting from contractual commitments to sell products to Department of Veteran Affairs hospitals, participating GPO members, 340B qualified entities and other contracted customers at prices lower than the list price. The 340B Drug Discount Program is a U.S. federal government program that requires participating drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at reduced prices. Customers claim the difference between the amount invoiced and the discounted selling price through a chargeback issued by a wholesaler. Reserves are established in the same period that the related revenue is recognized, resulting in a reduction of product revenue and trade receivables, net. Chargeback amounts are determined at the time of sale and the Company generally issues credits for such amounts within weeks of receiving notification from a wholesaler. Reserves for chargebacks consist of anticipated credits the Company expects to issue based on expected units sold and chargebacks that customers have claimed for which credits have not yet been issued.

The calculation for some of these items requires management to make estimates based on sales data, historical return data, contracts, statutory requirements and other related information that may become known in the future. The adequacy of these provisions is reviewed on a quarterly basis.

The following table provides a summary of activity with respect to the Company's sales related allowances and accruals related to EXPAREL and ZILRETTA for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	Returns Allowances	Prompt Payment Discounts	Service Fees	Volume Rebates and Chargebacks	Government Rebates	Total
Balance at December 31, 2022	$ 1,691	$ 1,187	$ 3,193	$ 5,452	$ 786	$ 12,309
Provision	1,335	11,970	18,129	92,009	2,176	125,619
Payments	(1,158)	(11,849)	(17,625)	(91,591)	(1,787)	(124,010)
Balance at December 31, 2023	1,868	1,308	3,697	5,870	1,175	13,918
Provision	2,260	12,697	21,022	115,087	2,155	153,221
Payments	(2,528)	(12,697)	(19,844)	(116,094)	(1,623)	(152,786)
Balance at December 31, 2024	1,600	1,308	4,875	4,863	1,707	14,353
Provision	1,293	14,367	24,947	164,098	3,710	208,415
Payments	(734)	(14,101)	(24,801)	(162,567)	(3,698)	(205,901)
Balance at December 31, 2025	$ 2,159	$ 1,574	$ 5,021	$ 6,394	$ 1,719	$ 16,867

Accounts Receivable

The majority of accounts receivable arise from product sales and represent amounts due from wholesalers, hospitals, ambulatory surgery centers, specialty distributors, specialty pharmacies and individual physicians. Payment terms generally range from zero to four months from the date of the transaction, and accordingly, there is no significant financing component.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Codification, or ASC, 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

At contract inception, the Company assesses the goods promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good that is distinct. When identifying individual performance obligations, the Company considers all goods promised in the contract regardless of whether explicitly stated in the customer contract or implied by customary business practices. The Company's contracts with customers require it to transfer an individual distinct product, which represents a single performance obligation. The Company's performance obligation with respect to its product sales is satisfied at a point in time, which transfers control upon delivery of EXPAREL and ZILRETTA to its customers. The Company considers control to have transferred upon delivery because the customer has legal title to the asset, physical possession of the asset has been transferred, the customer has significant risks and rewards of ownership of the asset and the Company has a present right to payment at that time.

Disaggregated Revenue

The following table represents disaggregated net product sales in the periods presented as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Net product sales:			
EXPAREL	$ 575,130	$ 548,962	$ 538,120
ZILRETTA	116,633	118,089	111,098
iovera°	24,178	22,813	19,685
Bupivacaine liposome injectable suspension	6,913	7,322	3,342
Total net product sales	$ 722,854	$ 697,186	$ 672,245

NOTE 6—INVENTORIES

The components of inventories, net are as follows (in thousands):

	December 31,	
	2025	2024
Raw materials	$ 43,335	$ 50,800
Work-in-process	28,201	27,384
Finished goods	81,327	47,098
Total	$ 152,863	$ 125,282

In July 2025, the Company announced it decommissioned its 45-liter EXPAREL batch manufacturing suite located at its Science Center Campus in San Diego, California, and reduced its workforce accordingly. As a result, the Company recognized $1.0 million of impaired raw materials related to that equipment during the year ended December 31, 2025.

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 7—FIXED ASSETS

Fixed assets, net, summarized by major category, consist of the following (in thousands):

	December 31,	
	2025	2024
Machinery and equipment	$ 163,144	$ 160,643
Leasehold improvements	77,450	86,034
Computer equipment and software	26,187	23,473
Office furniture and equipment	2,127	1,952
Construction in progress	9,485	27,996
Total	278,393	300,098
Less: accumulated depreciation	(137,703)	(132,929)
Fixed assets, net	$ 140,690	$ 167,169

For information on useful lives by asset category, refer to Note 2, *Summary of Significant Accounting Policies*.

Depreciation expense for the years ended December 31, 2025, 2024 and 2023 was $33.7 million, $21.5 million and $18.3 million, respectively.

As a result of the decommissioned 45-liter EXPAREL batch manufacturing suite, the Company recognized $5.5 million of accelerated depreciation and disposed of $27.3 million of fully-depreciated leasehold improvements, machinery and equipment and, to a lesser extent, computer equipment and software during the year ended December 31, 2025. The Company continues to operate its 200-liter EXPAREL batch manufacturing suite at the same facility.

During the years ended December 31, 2025, 2024 and 2023, the Company capitalized interest on the construction of manufacturing sites of $0.1 million, $2.1 million and $3.5 million, respectively.

As of December 31, 2025 and 2024, total fixed assets, net, includes manufacturing process equipment and leasehold improvements located outside of the U.S. in the amount of $41.9 million and $51.1 million, respectively.

As of December 31, 2025 and 2024, the Company had AROs of $3.9 million and $4.2 million, respectively, included in accrued expenses and other liabilities on its consolidated balance sheets, for costs associated with returning leased spaces to their original condition upon the termination of their lease agreements.

NOTE 8—LEASES

The Company leases all of its facilities, including its EXPAREL and iovera° handpiece manufacturing facility at its Science Center Campus in San Diego, California. In April 2025, the Company moved its principal executive offices and corporate headquarters to Brisbane, California. The Company also has two embedded leases with Thermo Fisher Scientific Pharma Services, or Thermo Fisher, for the use of their manufacturing facility in Swindon, U.K. for the production of EXPAREL and ZILRETTA. A portion of the associated monthly base fees have been allocated to the lease components based on a relative fair value basis. As part of the GQ Bio Acquisition in February 2025, the Company's European offices were assumed and include an R&D lab and offices in Luckenwalde, Germany.

Since July 2022 and February 2023, the Company had recognized sublease income for laboratory space leased in Woburn, Massachusetts and a portion of office space leased in Burlington, Massachusetts, respectively, from leases that were assumed as part of the Flexion Acquisition. In February 2024, the lease and sublease term concluded for the laboratory space in Woburn, Massachusetts. In April 2025, the lease and sublease term concluded for the office space in Burlington, Massachusetts.

In December 2024, the Company exited a lease for a training facility in Houston, Texas. The Company recognized a loss of $2.2 million during the year ended December 31, 2024 associated with exiting the lease, which was recorded within contingent consideration gains, acquisition-related expenses, restructuring and other in the consolidated statements of operations. The loss resulted from the derecognition of the right-of-use asset, its related lease liability and a termination payment of $1.3 million.

The operating lease costs for the facilities include lease and non-lease components, such as common area maintenance and other common operating expenses, along with executory costs such as insurance and real estate taxes. Total operating lease expense, net is as follows (in thousands):

	Year Ended December 31,		
Operating Lease Costs	**2025**	**2024**	**2023**
Fixed lease costs	$ 12,783	$ 13,876	$ 14,344
Variable lease costs	2,299	1,889	1,952
Sublease income	(76)	(304)	(657)
Total	$ 15,006	$ 15,461	$ 15,639

Supplemental cash flow information related to operating leases is as follows (in thousands):

	Year Ended December 31,		
	2025	**2024**	**2023**
Cash paid for operating lease liabilities, net of lease incentives	$ 12,849	$ 12,991	$ 14,259
Right-of-use assets recorded in exchange for lease obligations	$ 2,043	$ —	$ —

The weighted average remaining lease terms and the weighted average discount rates are summarized as follows:

	December 31,	
	2025	**2024**
Weighted average remaining lease term	4.32 years	5.19 years
Weighted average discount rate	6.90%	6.89%

As of December 31, 2025, maturities of the Company's operating lease liabilities are as follows (in thousands):

Year	Aggregate Minimum Payments Due
2026	$ 12,755
2027	12,303
2028	11,155
2029	11,042
2030	5,844
Thereafter	442
Total future lease payments	53,541
Less: imputed interest	(7,526)
Total operating lease liabilities	$ 46,015

NOTE 9—GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Company's goodwill arose from the GQ Bio Acquisition in February 2025 (for more information, see Note 4, GQ Bio Therapeutics Acquisition). As discussed below, the Company previously had goodwill resulting from the acquisition of Pacira Pharmaceuticals, Inc. (the Company's California operating subsidiary) from SkyePharma Holding, Inc. (now a subsidiary of Vectura Group plc, a subsidiary of Molex Asia Holdings Ltd.) in 2007, the MyoScience Acquisition in 2019 and the Flexion Acquisition in 2021. The change in the carrying value of the Company's goodwill is summarized as follows (in thousands):

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Carrying Value
Balance at December 31, 2023	$ 163,243
Goodwill impairment	(163,243)
Balance at December 31, 2024	—
Goodwill arising from the GQ Bio Acquisition	17,988
Foreign currency adjustments	2,226
Balance at December 31, 2025	$ 20,214

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in a business combination and is subject to impairment testing at least annually or upon the occurrence of a triggering event that could indicate a potential impairment. During the three months ended September 30, 2024, the FDA approved a generic competitor to EXPAREL and a U.S. District Court ruled that one of the Company's EXPAREL patents was not valid (for more information, see Note 20, *Commitments and Contingencies*). The Company determined that these events, combined with a subsequent decrease in the Company's common stock price, indicated that it was more likely than not that the fair value of goodwill may be less than its carrying value, which required the Company to perform a quantitative impairment test. This was performed by comparing the fair value of the Company to its carrying value. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, impairment is indicated, requiring recognition of a goodwill impairment charge up to the carrying value of goodwill. The fair value of the Company was calculated through an income approach, in which the Company calculated the fair value based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate the future cash flows used to assume fair value. The Company's estimates of future cash flows consider past performance, current and anticipated market conditions, internal projections and operating plans which incorporate estimates for sales growth and future margins. Additional assumptions include forecasted growth rates, estimated discount rates and the probability of success for the Company's product pipeline candidate products. The assumptions also reflect current and anticipated market conditions and are consistent with those that would be used by other marketplace participants for similar valuation purposes. Such assumptions are subject to change due to changing economic and competitive conditions. The conclusion of the income approach as of September 30, 2024 resulted in the carrying value of the Company exceeding its fair value by more than the goodwill balance. As a result, the then-goodwill balance of $163.2 million was fully impaired during the three months ended September 30, 2024 and the Company had no remaining goodwill balance at December 31, 2024.

During the year ended December 31, 2025, the Company conducted the annual impairment assessment for its goodwill and concluded there was no impairment as of that date.

Intangible Assets

Intangible assets, net, consist of the IPR&D from the GQ Bio Acquisition and Flexion Acquisition, developed technology from the Flexion Acquisition and MyoScience Acquisition and customer relationships from the MyoScience Acquisition and are summarized as follows (dollar amounts in thousands):

December 31, 2025	Gross Carrying Value	Foreign Currency Adjustments	Accumulated Amortization	Intangible Assets, Net	Weighted-Average Useful Lives
Developed technologies	$ 590,000	$ —	$ (256,213)	$ 333,787	10 years, 5 months
Customer relationships	90	—	(61)	29	10 years
Total finite-lived intangible assets, net	590,090	—	(256,274)	333,816	
Acquired IPR&D	31,500	2,784	—	34,284	
Total intangible assets, net	$ 621,590	$ 2,784	$ (256,274)	$ 368,100	

December 31, 2024	Gross Carrying Value	Foreign Currency Adjustments	Accumulated Amortization	Intangible Assets, Net	Weighted-Average Useful Lives
Developed technology	$ 590,000	$ —	$ (198,934)	$ 391,066	10 years, 5 months
Customer relationships	90	—	(52)	38	10 years
Total finite-lived intangible assets, net	590,090	—	(198,986)	391,104	
Acquired IPR&D	34,866	—	—	34,866	
Total intangible assets, net	$ 624,956	$ —	$ (198,986)	$ 425,970	

Amortization expense on intangible assets was $57.3 million for both the years ended December 31, 2025 and 2024.

Assuming no changes in the gross carrying amount of these intangible assets, the future estimated amortization expense on the finite-lived intangible assets will be $57.3 million each year from 2026 to 2030, $37.4 million in 2031, $7.9 million in 2032 and $2.2 million in 2033.

As part of the GQ Bio Acquisition, the Company recognized $22.5 million of acquired IPR&D in February 2025. See Note 4, *GQ Bio Therapeutics Acquisition*, for more information.

The Company reviews its indefinite-lived intangible assets for impairment annually and whenever an event or change in circumstances arises that indicates the carrying amount of an indefinite-lived intangible asset is at risk of not being recoverable. During the year ended December 31, 2024 and 2023, the Company conducted the annual impairment assessment for its acquired IPR&D and concluded there was no impairment as of that date. During the three months ended September 30, 2025, the Company determined the fair value of the ZILRETTA acquired IPR&D for the treatment of shoulder OA pain may be at risk of impairment due to revised completion timelines for clinical trials and commercial availability which directly impacted revenue forecasts, among other factors. The Company determined that these events indicated that it was more likely than not that the fair value of the acquired IPR&D may be less than its fair value. The impairment assessment was conducted through a recoverability test by comparing the $33.9 million carrying value of the asset against the fair value through a discounted cash flow model based on new facts and circumstances. The assessment resulted in a fair value of $8.0 million. An impairment of $25.9 million was recognized within contingent consideration gains, acquisition-related expenses, restructuring and other in the consolidated statements of operations for the three months ended September 30, 2025 based on the amount its previous carrying value exceeded its updated fair value.

During the year ended December 31, 2025, the Company conducted the annual impairment assessment for its acquired IPR&D and concluded there was no impairment as of that date.

NOTE 10—ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	December 31,	
	2025	2024
Accrued selling, general and administrative expenses	$ 17,429	$ 15,622
Accrued research and development expenses	6,129	4,501
Accrued production costs	9,002	8,411
Other accrued operating expenses	12,864	9,301
Compensation and benefits	37,841	28,811
Accrued royalties	—	1,451
Accrued interest	782	1,418
Product returns and wholesaler service fees	11,554	10,609
Total	$ 95,601	$ 80,124

NOTE 11—DEBT

The carrying value of the Company's outstanding debt is summarized as follows (in thousands):

	December 31,	
	2025	2024
Term loan A facility maturing March 2028 [1]	$ —	$ 104,211
2.125% Convertible senior notes due May 2029	281,189	279,334
0.750% Convertible senior notes due August 2025 [2]	—	201,776
Revolving Credit Facility [1]	91,000	—
Total	$ 372,189	$ 585,321

(1) In July 2025, the Company repaid the indebtedness outstanding under its TLA Credit Agreement (as defined below) and terminated the TLA Credit Agreement concurrently with its entry into the Revolving Credit Facility (as defined below).
(2) The 0.750% convertible senior notes due August 2025 matured and were repaid on August 1, 2025.

Revolving Credit Facility

On July 3, 2025, the Company entered into a credit agreement (the "Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, swingline lender and an issuing bank, and certain lenders, to, among other things, retire the indebtedness outstanding under the Company's then-existing TLA Credit Agreement and provide ongoing working capital.

The Credit Agreement provides for a senior secured revolving credit facility (the "Revolving Credit Facility") in an aggregate commitment amount of $300.0 million, with a letter of credit sublimit of $10.0 million and swingline loan sublimit of $15.0 million. The credit facility is secured by substantially all of the Company's and each subsidiary guarantor's assets and is scheduled to mature on July 3, 2030, subject to certain exceptions set forth in the Credit Agreement. Subject to certain conditions, the Company may, at any time, on one or more occasions, add one or more new classes of term facilities and/or increase the principal amount of any existing class of term loans by requesting one or more incremental term facilities in an aggregate principal amount not to exceed the greater of $225.0 million and 100% of Consolidated Earnings Before Interest Taxes Depreciation and Amortization (EBITDA) (as defined in the Credit Agreement).

Each revolving loan borrowing which is an alternate base rate borrowing will bear interest at a rate per annum equal to (i) a base rate, plus (ii) a spread based on the Company's Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) ranging from 1.50% to 2.25%. Each revolving loan borrowing which is a term benchmark borrowing or daily simple SOFR (as defined in the Credit Agreement) borrowing will bear interest at a rate per annum equal to (i) a forward-looking term rate based on SOFR or a rate determined by reference to the daily simple SOFR, plus (ii) a spread based on the Company's Senior Secured Net Leverage Ratio ranging from 2.50% to 3.25%.

The Credit Agreement also contains customary affirmative and negative covenants, financial covenants, representations and warranties, events of default and other provisions. As of December 31, 2025, the Company was in compliance with all covenants under the Credit Agreement.

The Company incurred financing fees of approximately $2.1 million which are recorded as a current and noncurrent other asset on the Company's consolidated balance sheet. The financing fees will be amortized over the term of the Credit Agreement.

Upon entering into the Credit Agreement, the Company borrowed $101.0 million under the Revolving Credit Facility, of which $91.0 million is outstanding as of December 31, 2025 after the Company made repayments of $10.0 million during the year ended December 31, 2025.

As of December 31, 2025, borrowings under the Revolving Credit Facility consisted entirely of term SOFR borrowings at an approximate all-in rate of 6.47%.

2028 Term Loan A Facility

On March 31, 2023, the Company entered into a credit agreement (as amended and/or restated to date, the "TLA Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, and certain lenders. The term loan issued under the TLA Credit Agreement (the "TLA Term Loan") was issued at a 0.30% discount and provided for a single-advance term loan A facility in the principal amount of $150.0 million, which was secured by substantially all of the Company's and any subsidiary guarantor's assets. The net proceeds of the TLA Term Loan were approximately $149.6 million after deducting an original issue discount of $0.4 million.

On May 8, 2024, the Company, JPMorgan Chase Bank, N.A., as administrative agent, and certain lenders entered into a first amendment (the "First TLA Amendment") to the TLA Credit Agreement. The First TLA Amendment, among other things, permitted the Company's share repurchase program and the Capped Call Transactions (as defined and described below).

The TLA Term Loan was scheduled to mature on March 31, 2028 and the TLA Credit Agreement required quarterly repayments of principal in the amount of $2.8 million which commenced on June 30, 2023 and increased to $3.8 million on March 31, 2025, with an originally stated balloon payment of approximately $85.3 million due at maturity.

On July 3, 2025, the Company used a portion of the $300.0 million of Revolving Credit Facility to repay the remaining indebtedness outstanding under the TLA Credit Agreement, which consisted of $98.8 million and its final interest payment of $0.1 million, and terminated the TLA Credit Agreement. The Company did not incur any prepayment penalties or fees in connection with the termination of the TLA Credit Agreement. The prepayment resulted in a loss on early extinguishment of debt of approximately $1.0 million which was recognized during the year ended December 31, 2025. Prior to the TLA Credit Agreement extinguishment, the Company made voluntary principal prepayments of $6.6 million during the year ended December 31, 2025 and $11.3 million during the year ended December 31, 2024.

The total debt composition of the TLA Term Loan was as follows (in thousands):

	December 31, 2024
Term loan A facility maturing March 2028	$ 105,313
Deferred financing costs	(821)
Discount on debt	(281)
Total debt, net of debt discount and deferred financing costs	$ 104,211

Convertible Senior Notes Due 2029

In May 2024, the Company completed a private placement of $287.5 million in aggregate principal amount of its 2.125% convertible senior notes due 2029, or 2029 Notes, and entered into an indenture with Computershare Corporate Trust, N.A., or 2029 Indenture, with respect to the 2029 Notes. The 2029 Notes accrue interest at a fixed rate of 2.125% per year, payable semiannually in arrears on May 15th and November 15th of each year. The 2029 Notes mature on May 15, 2029.

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The total debt composition of the 2029 Notes was as follows (in thousands):

	December 31,	
	2025	2024
2.125% convertible senior notes due May 2029	$ 287,500	$ 287,500
Deferred financing costs	(6,311)	(8,166)
Total debt, net of deferred financing costs	$ 281,189	$ 279,334

Holders may convert their 2029 Notes prior to the close of business on the business day immediately preceding November 15, 2028, only if certain circumstances are met, including, but not limited to, if during the previous calendar quarter, the last reported sales price of the Company's common stock was greater than 130% of the conversion price then applicable for at least 20 out of the last 30 consecutive trading days of the quarter. As of December 31, 2025, the conditions for conversion were not met. On or after November 15, 2028, until the close of business on the second scheduled trading day immediately preceding May 15, 2029, holders may convert their 2029 Notes at any time.

Upon conversion, holders will receive the principal amount of their 2029 Notes and any excess conversion value, calculated based on the per share volume-weighted average price for each of the 50 consecutive trading days during the observation period (as more fully described in the 2029 Indenture). For the principal, the Company will settle in cash per the terms of the 2029 Notes. For any excess conversion value, holders may receive cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's option. The initial conversion rate for the 2029 Notes is 25.2752 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of $39.56 per share of the Company's common stock. The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. The initial conversion price of the 2029 Notes represents a premium of approximately 32.5% to the closing sale price of $29.86 per share of the Company's common stock on the Nasdaq Global Select Market on May 9, 2024, the date that the Company priced the private offering of the 2029 Notes.

As of December 31, 2025, the 2029 Notes had a market price of $1,010 per $1,000 principal amount. In the event of conversion, holders would forgo all future interest payments, any unpaid accrued interest and the possibility of further stock price appreciation. Upon the receipt of conversion requests, the settlement of the 2029 Notes will be paid pursuant to the terms of the 2029 Indenture. In the event that all of the 2029 Notes are converted, the Company would be required to repay the $287.5 million in principal value in cash, whereas any conversion premium would be required to be repaid in any combination of cash and shares of its common stock (at the Company's option).

Prior to the close of business on the business day immediately preceding November 15, 2028, the 2029 Notes are convertible only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2024 (and only during such calendar quarter), if the last reported sale price of the Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is equal to or greater than 130% of the conversion price on each applicable trading day; (2) during the five business-day period after any five consecutive trading-day period (the "measurement period") in which the trading price per $1,000 principal amount of the 2029 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (3) upon the occurrence of specified corporate events; or (4) upon a Company redemption. On or after November 15, 2028, until the close of business on the second scheduled trading day immediately preceding May 15, 2029, holders of the 2029 Notes may convert all or a portion of their 2029 Notes, at any time. No sinking fund is provided for the 2029 Notes.

On or after May 17, 2027 and on or before the 50th scheduled trading day immediately before the maturity date, the Company may redeem for cash all or part of the 2029 Notes if (i) the 2029 Notes are "freely tradable" (as defined in the 2029 Indenture) and any accrued and unpaid additional interest has been paid as of the date the Company sends the related notice of the redemption and (ii) the last reported sales price of the Company's common stock exceeds 130% of the conversion price then in effect for (1) each of at least 20 trading days (whether or not consecutive) during any 30 consecutive trading days ending on, and including, the trading day immediately before the date the Company sends the related notice of the redemption; and (2) the trading day immediately before the date the Company sends such notice. The redemption price of each 2029 Note to be redeemed will be the principal amount of such 2029 Note, plus accrued and unpaid interest, if any. In addition, calling any 2029 Notes for redemption will constitute a make-whole fundamental change, in which case the conversion rate applicable to those 2029 Notes, if converted in connection with the redemption, will be increased in certain circumstances. Upon the occurrence of a "make-whole fundamental change" (as defined in the 2029 Indenture), subject to a limited exception for certain cash mergers,

holders may require the Company to repurchase all or a portion of their 2029 Notes for cash at a price equal to 100% of the principal amount of the 2029 Notes to be repurchased plus any accrued and unpaid interest.

While the 2029 Notes are currently classified on the Company's consolidated balance sheet at December 31, 2025 as long-term debt, the future convertibility and resulting balance sheet classification of this liability is monitored at each quarterly reporting date and is analyzed dependent upon market prices of the Company's common stock during the prescribed measurement periods. In the event that the holders of the 2029 Notes have the election to convert the 2029 Notes at any time during the prescribed measurement period, the 2029 Notes would then be considered a current obligation and classified as such.

On May 9, 2024, in connection with the pricing of the 2029 Notes, and on May 10, 2024, in connection with the exercise in full by the initial purchasers of the 2029 Notes (the "Initial Purchasers") of their option to purchase additional 2029 Notes, the Company entered into privately negotiated capped call transactions (the "Capped Call Transactions") with certain of the Initial Purchasers of the 2029 Notes and/or their respective affiliates and/or other financial institutions (the "Option Counterparties"). The Capped Call Transactions are expected to cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2029 Notes, the number of shares of the Company's common stock underlying the 2029 Notes.

The Capped Call Transactions are expected to reduce the potential dilution to the Company's common stock upon any conversion of the 2029 Notes and/or offset any potential cash payments the Company is required to make in excess of the principal amount of converted 2029 Notes, as the case may be, upon any conversion of the 2029 Notes, with such reduction and/or offset subject to a cap. The cap price of the Capped Call Transactions will initially be approximately $53.75 per share, representing a premium of approximately 80% over the closing price of $29.86 per share of the Company's common stock on May 9, 2024, and is subject to certain adjustments under the terms of the Capped Call Transactions. The capped call was recorded as a reduction to additional paid-in capital at its cost of $26.7 million, partially offset by a $6.5 million deferred tax asset.

The Capped Call Transactions are separate transactions entered into by the Company with the Option Counterparties, are not part of the terms of the 2029 Notes and will not affect any holder's rights under the 2029 Notes. Holders of the 2029 Notes will not have any rights with respect to the Capped Call Transactions.

Convertible Senior Notes Due 2025

In July 2020, the Company completed a private placement of $402.5 million in aggregate principal amount of 0.750% convertible senior notes due 2025, or 2025 Notes, and entered into an indenture with Computershare Corporate Trust, N.A. (formerly Wells Fargo Bank, N.A.) with respect to the 2025 Notes. The 2025 Notes accrued interest at a fixed rate of 0.750% per year, which was payable semiannually in arrears on February 1st and August 1st of each year.

In May 2024, the Company used part of the net proceeds from the issuance of the 2029 Notes to repurchase $200.0 million aggregate principal amount of the 2025 Notes in privately negotiated transactions at a discount for $191.4 million in cash (including accrued interest). The partial repurchase of the 2025 Notes resulted in a $7.5 million gain on early extinguishment of debt during the year ended December 31, 2024.

On August 1, 2025, the 2025 Notes matured and the Company settled the remaining outstanding principal balance of $202.5 million in cash. Between February 3, 2025 and the close of business on the second scheduled trading day immediately preceding August 1, 2025, holders could have converted their 2025 Notes at any time. Upon the maturity of the 2025 Notes, a nominal gain on extinguishment of debt was recognized due to certain holders having converted their 2025 Notes.

The total debt composition of the 2025 Notes was as follows (in thousands):

	December 31, 2024
0.750% convertible senior notes due August 2025	$ 202,500
Deferred financing costs	(724)
Total debt, net of deferred financing costs	$ 201,776

Convertible Senior Notes Due 2024 Assumed from the Flexion Acquisition

Prior to the Flexion Acquisition, in May 2017, Flexion issued an aggregate of $201.3 million principal amount of 3.375% convertible senior notes due May 1, 2024 (the "Flexion 2024 Notes"), pursuant to an indenture between Flexion and Computershare Corporate Trust, N.A. (formerly Wells Fargo Bank, N.A.), as trustee (the "Flexion Trustee"), as supplemented by the First Supplemental Indenture, dated as of November 19, 2021, between Flexion and the Flexion Trustee. Interest was payable semi-annually on May 1st and November 1st of each year. Upon the Flexion Acquisition, the principal was assumed and recorded at fair value by the Company.

On January 7, 2022, following the expiration of the offer to purchase, the Company accepted the $192.6 million aggregate principal amount of Flexion 2024 Notes that were validly tendered (and not validly withdrawn). No Flexion 2024 Notes were converted in connection with the Notice. The remaining principal of $8.6 million was repaid at maturity on May 1, 2024.

Interest Expense

The following table sets forth the total interest expense recognized in the periods presented (dollar amounts in thousands):

	Year Ended December 31,		
	2025	2024	2023
Contractual and other interest expense	$ 14,598	$ 15,447	$ 20,082
Amortization of debt issuance costs	2,840	3,130	2,996
Amortization of debt discount	157	92	752
Capitalized interest and other (Note 7)	(149)	(2,100)	(3,524)
Total	$ 17,446	$ 16,569	$ 20,306
Effective interest rate on total debt	3.36 %	2.97 %	3.74 %

NOTE 12—FINANCIAL INSTRUMENTS

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or be paid to transfer a liability in the principal or most advantageous market in an orderly transaction. To increase consistency and comparability in fair value measurements, the FASB established a three-level hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of fair value measurements are:

- *Level 1:* Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- *Level 2:* Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- *Level 3:* Unobservable inputs that are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The carrying value of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and the Revolving Credit Facility approximate their respective fair values due to the short-term nature of these items. The fair value of the Company's convertible senior notes are calculated utilizing market quotations from an over-the-counter trading market for these notes (Level 2). The fair value of the Company's acquisition-related contingent consideration is reported at fair value on a recurring basis (Level 3). The carrying amount of equity investments and convertible notes receivable without readily determinable fair values are recorded at cost minus impairment, if any, plus or minus observable price changes of identical or similar investments.

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At December 31, 2025, the carrying values and fair values of the Company's financial assets and liabilities were as follows (in thousands):

	Carrying Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial Assets and Financial Liabilities Measured at Fair Value on a Recurring Basis:				
Financial Assets:				
Equity investments	$ 7,750	$ —	$ —	$ 7,750
Convertible notes receivable	$ 2,500	$ —	$ —	$ 2,500
Financial Liabilities:				
Acquisition-related contingent consideration	$ 18,066	$ —	$ —	$ 18,066
Financial Liabilities Measured at Amortized Cost:				
2.125% convertible senior notes due 2029 (1)	$ 281,189	$ —	$ 290,433	$ —
Revolving Credit Facility	$ 91,000	$ —	$ 91,000	$ —

(1) The closing price of the Company's common stock as reported on the Nasdaq Global Select Market was $25.88 per share on December 31, 2025, compared to a conversion price of $39.56 per share. At December 31, 2025, as the conversion price was above the stock price, the requirements for conversion have not been met.

Certain assets and liabilities are measured at fair value on a non-recurring basis, including assets and liabilities acquired in a business combination and long-lived assets, which would be recognized at fair value if deemed impaired or if reclassified as assets held for sale. The fair value in these instances would be determined using Level 3 inputs.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Equity and Convertible Note Investments

The Company holds strategic investments in clinical and preclinical stage privately-held biotechnology companies in the form of equity and convertible note investments. The following investments have no readily determinable fair value and are recorded at cost minus impairment, if any, plus or minus observable price changes of identical or similar investments (in thousands):

	Equity Investments	Convertible Notes Receivable	Total
Balance at December 31, 2023	$ 15,877	$ 12,134	$ 28,011
Foreign currency adjustments	—	(236)	(236)
Balance at December 31, 2024	15,877	11,898	27,775
Purchases	—	1,250	1,250
Impairments	(4,000)	(7,000)	(11,000)
Realized gain of prior investments (1)	4,189	1,674	5,863
Settled investments (1)	(8,277)	(5,322)	(13,599)
Foreign currency adjustments	(39)	—	(39)
Balance at December 31, 2025	$ 7,750	$ 2,500	$ 10,250

(1) In conjunction with the GQ Bio Acquisition, the settlement of the Company's prior equity investment and notes receivable were part of the fair value of consideration exchanged. Upon acquiring the remaining 81% ownership interest in GQ Bio, the Company remeasured its previously held equity interest to its acquisition-date fair value. The $4.2 million gain resulting from the equity investment was recognized as other, net within the consolidated statement of operations. In settling the notes receivable, the Company recognized $1.7 million in interest income. These gains are included in the consolidated statement of cash flows for the year ended December 31, 2025 within Other net (gains) losses. See Note 4, *GQ Bio Therapeutics Acquisition*, for information on the GQ Bio Acquisition.

During the year ended December 31, 2025, an impairment of an equity investment and convertible note receivable totaling $11.0 million was recorded in other, net in the consolidated statements of operations.

In June 2025, the Company invested $1.3 million in a convertible note receivable related to one of its existing early-stage strategic investments.

Acquisition-Related Contingent Consideration

The Company has recognized contingent consideration related to the Flexion Acquisition in the amount of $18.1 million and $20.2 million as of December 31, 2025 and 2024, respectively.

The Company's contingent consideration obligations are recorded at their estimated fair values and are revalued each reporting period if and until the related contingencies are resolved. The Company has measured the fair value of its contingent consideration using a Monte Carlo simulation. These inputs include, as applicable, estimated forecasts of revenue and costs and the discount rates used to calculate the present value of estimated future payments. Significant changes may increase or decrease the probabilities of achieving the related commercial and regulatory events, shorten or lengthen the time required to achieve such events, or increase or decrease estimated forecasts.

In November 2021, the Company completed the Flexion Acquisition, which provided for contingent consideration related to contingent value rights that were issued to Flexion shareholders and certain equity award holders which could aggregate up to a total of $372.3 million if certain regulatory and commercial milestones are met. The aggregate amount was initially $425.5 million prior to the Company's September 2022 decision to formally discontinue further development of Flexion's investigational product candidate, PCRX-301. The Company's obligation to make milestone payments is limited to those milestones achieved through December 31, 2030, and are to be paid within 60 days of the end of the fiscal quarter of achievement. For the years ended December 31, 2025 and 2024, the Company recorded gains of $2.2 million and $4.5 million, respectively, due to adjustments reflecting the probability of achieving the remaining Flexion sales-based milestones by December 31, 2030—the milestone expiration date, partially offset by revisions to the Company's weighted average cost of capital and discount rates. These gains were recorded as contingent consideration gains, acquisition-related expenses, restructuring and other in the consolidated statements of operations. At December 31, 2025, the weighted average discount rate was 7.4%.

The following table includes the key assumptions used in the valuation of the Company's contingent consideration:

Assumption	Ranges Utilized as of December 31, 2025
Discount rates	7.3% to 7.5%
Probability of payment for remaining regulatory milestones	0%

The change in the Company's contingent consideration recorded at fair value using Level 3 measurements is as follows (in thousands):

	Contingent Consideration Fair Value
Balance at December 31, 2023	$ 24,698
Fair value adjustments and accretion	(4,457)
Balance at December 31, 2024	20,241
Fair value adjustments and accretion	(2,175)
Balance at December 31, 2025	$ 18,066

Available-for-Sale Investments

Short-term investments consist of asset-backed securities collateralized by credit card receivables, investment grade commercial paper and corporate, federal agency, government and Yankee bonds with maturities greater than three months, but less than one year. Net unrealized gains and losses (excluding credit losses, if any) from the Company's short-term investments are reported in other comprehensive income (loss). At December 31, 2025 and 2024, all of the Company's short-term and noncurrent investments are classified as available-for-sale investments and are determined to be Level 2 instruments which are measured at fair value using standard industry models with observable inputs, with the exception of U.S. government bonds. The fair value of the commercial paper is measured based on a standard industry model that uses the three-month U.S. Treasury bill rate as an observable input. The fair value of the asset-backed securities and corporate bonds is principally measured or corroborated by trade data for identical issues in which related trading activity is not sufficiently frequent to be considered a

Level 1 input or that of comparable securities. The fair value of U.S. government bonds is based on level 1 trading activity. At the time of purchase, all available-for-sale investments had an "A" or better rating by Standard & Poor's.

The following summarizes the Company's available-for-sale investments at December 31, 2025 and 2024 (in thousands):

December 31, 2025 Investments:	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Level 2)
Current:				
Commercial paper	$ 54,971	$ 18	$ (13)	$ 54,976
Corporate bonds	24,881	22	—	24,903
Total	$ 79,852	$ 40	$ (13)	$ 79,879

December 31, 2024 Investments:	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Level 2)
Current:				
Asset-backed securities	$ 21,626	$ 43	$ —	$ 21,669
Commercial paper	142,556	120	(55)	142,621
Corporate bonds	32,502	25	(5)	32,522
U.S. federal agency bonds	5,996	8	—	6,004
Yankee bond	5,012	13	—	5,025
Total	$ 207,692	$ 209	$ (60)	$ 207,841

At December 31, 2025, there were no investments available for sale that were materially less than their amortized cost.

The Company elects to recognize its interest receivable separate from its available-for-sale investments. At December 31, 2025 and 2024, the interest receivable from its available-for-sale investments recognized in prepaid expenses and other current assets was $0.3 million and $0.5 million, respectively.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, available-for-sale investments and accounts receivable. The Company maintains its cash and cash equivalents with high-credit quality financial institutions. Such amounts may exceed federally-insured limits.

As of December 31, 2025, three wholesalers each accounted for over 10% of the Company's accounts receivable, at 32%, 23% and 17%. As of December 31, 2024, three wholesalers each accounted for over 10% of the Company's accounts receivable, at 34%, 18% and 16%. For additional information regarding the Company's wholesalers, see Note 2, *Summary of Significant Accounting Policies*. EXPAREL and ZILRETTA revenues are primarily derived from major wholesalers and specialty distributors that generally have significant cash resources. The Company performs ongoing credit evaluations of its customers as warranted and generally does not require collateral. Allowances for credit losses on the Company's accounts receivable are maintained based on historical payment patterns, current and estimated future economic conditions, aging of accounts receivable and its write-off history. As of December 31, 2025 and 2024, there were $0.7 million and $0.4 million of allowances for credit losses on the Company's accounts receivable, respectively.

NOTE 13—STOCKHOLDERS' EQUITY

Common Stock

The Company is authorized to issue up to 250,000,000 shares of common stock, of which 47,890,777 shares were issued and 41,116,739 shares were outstanding at December 31, 2025 and 47,077,844 shares were issued and 46,240,604 shares were outstanding at December 31, 2024.

Preferred Stock

The Company is authorized to issue up to 5,000,000 shares of preferred stock. No preferred stock was issued or outstanding at either December 31, 2025 or 2024.

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Accumulated Other Comprehensive Income (Loss)

The following table illustrates the changes in the balances of the Company's accumulated other comprehensive income (loss) for the periods presented (in thousands):

	Net Unrealized Gains (Losses) From Available-For-Sale Investments	Unrealized Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2022	$ (523)	$ 143	$ (380)
Net unrealized gain on investments, net of tax [1]	647	—	647
Foreign currency translation adjustments	—	(20)	(20)
Balance at December 31, 2023	124	123	247
Net unrealized gain on investments, net of tax [1]	66	—	66
Foreign currency translation adjustments	—	30	30
Balance at December 31, 2024	190	153	343
Net unrealized loss on investments, net of tax [1]	(93)	—	(93)
Foreign currency translation adjustments	—	4,077	4,077
Balance at December 31, 2025	$ 97	$ 4,230	$ 4,327

(1) Net of a nominal tax benefit and expense for each of the years ended December 31, 2025 and 2024, respectively, and $0.2 million tax expense for the year ended December 31, 2023.

Share Repurchase Programs

On May 7, 2024, the Company announced that its board of directors approved a share repurchase program, which has since been superseded, which authorized the Company to repurchase up to an aggregate of $150.0 million of its outstanding common stock. On May 9, 2024, concurrently with the pricing of the offering of the 2029 Notes, the Company entered into separate, privately negotiated agreements with certain of the initial purchasers of the 2029 Notes or their respective affiliates and/or certain other financial institutions to repurchase 837,240 shares of the Company's common stock for a total cost of $25.1 million, inclusive of $0.1 million of accrued excise tax. The repurchase occurred on May 10, 2024.

On April 17, 2025, the Company announced that its board of directors approved a new share repurchase program, which replaced the previously authorized share repurchase program and was effective immediately, which authorizes the Company to repurchase up to an aggregate of $300.0 million of its outstanding common stock. Repurchases under this program may be made at management's discretion on the open market or through privately negotiated transactions, including plans that comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The share repurchase program may be suspended or discontinued at any time by the Company and has an expiration date of December 31, 2026. During the year ended December 31, 2025, the Company repurchased 5,936,798 shares of its common stock through open market transactions for $151.4 million, which included $0.1 million of broker fees and $1.3 million of accrued excise tax. As of December 31, 2025, $150.0 million remains available for future repurchases under this authorization.

In addition to the Company's share repurchase plan, during the years ended December 31, 2025 and 2024, the Company withheld 217,113 and 18,519 shares of common stock, respectively, to cover employee tax withholding obligations of $5.6 million and $0.5 million, respectively, for vested restricted stock units. All shares of common stock withheld to cover employee tax withholding obligations are retired and are done so pursuant to the terms of the Company's stock incentive plans and related equity grant agreements rather than the Company's share repurchase program. Retired shares of common stock are not available for future issuance under the Company's stock incentive plans.

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 14—STOCK PLANS

Stock Incentive Plans

The Pacira BioSciences, Inc. Amended and Restated 2011 Stock Incentive Plan, or 2011 Plan, was originally adopted by the Company's board of directors and approved by its stockholders in June 2011 and was amended and restated in June 2014, June 2016, June 2019, June 2021 and June 2023 and June 2025. The June 2025 amendment and restatement and approval by the Company's stockholders increased the number of shares of common stock authorized for issuance as equity awards under the 2011 Plan by 2,500,000 shares, which allows for the granting of incentive stock options, non-statutory stock options, restricted stock units and other stock-based awards.

The Pacira BioSciences, Inc. Amended and Restated 2014 Inducement Plan, or as amended and restated to date, the A&R Inducement Plan, was originally approved and adopted by the Company's board of directors in April 2014, pursuant to which awards could be made to new employees as a material inducement to such persons entering into employment with the Company. The A&R Inducement Plan was amended and restated in December 2023, September 2024, January 2025 and January 2026. The January 2026 amendment and restatement added an additional 750,000 shares of the Company's common stock to bring the total amount of shares reserved for issuance under the A&R Inducement Plan to 3,060,000, and extended the term of the A&R Inducement Plan such that it will now expire on January 1, 2036. The A&R Inducement Plan allows for the granting of nonstatutory stock options, restricted stock awards and other stock-based awards.

The A&R Inducement Plan was adopted by the board of directors without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Listing Rules. In accordance with this rule, awards under the A&R Inducement Plan may only be made to an employee who has not previously been an employee or member of the board of directors or the board of directors or any parent or subsidiary, or following a bona fide period of non-employment by the Company or a parent or subsidiary, if they are granted such award in connection with their commencement of employment with the Company or a subsidiary and such grant is an inducement material to their entering into employment with the Company or such subsidiary.

Inducement Awards

From time to time, the board of directors, upon recommendation of the People and Compensation Committee of the board of directors, has approved individually negotiated grants of options and restricted stock units for certain of the Company's officers in connection with their respective appointments, in each case, pursuant to the inducement plan in effect at such time.

Equity Grants

The Company's stock option grants have an exercise price equal to the closing price of the Company's common stock on the date of grant, generally have a 10-year contractual term and vest in increments (typically over four years from the date of grant, although the Company may occasionally grant stock options with different vesting terms, including grants made to its non-employee directors). The Company also grants RSUs to employees generally vesting in equal, annual increments over four years from the date of grant, except for such grants made to non-employees and non-employee directors. The Company uses authorized but unissued shares of its common stock to satisfy its obligations under these plans.

Employee Stock Purchase Plan

The Company's Amended and Restated 2014 Employee Stock Purchase Plan, or ESPP, was originally adopted by its board of directors in April 2014, approved by the Company's stockholders in June 2014 and amended and restated in June 2022. The June 2022 amendment and restatement increased the number of shares of common stock that may be sold under the plan by an additional 500,000 shares from the originally provided 500,000 shares. The purpose of the ESPP is to provide a vehicle for eligible employees to purchase shares of the Company's common stock at a discounted price and to help retain and motivate current employees as well as attract new talent. Under the ESPP, up to 1,000,000 shares of common stock may be sold. The ESPP expires in June 2032. The ESPP is intended to qualify as an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code, or IRC. The maximum fair market value of stock which can be purchased by a participant in a calendar year is $25,000. Six-month offering periods begin on January 1st and July 1st of each year. During an offering period, eligible employees have the opportunity to elect to purchase shares of the Company's common stock on the purchase dates of June 30 and December 31 (or the last trading day of an offering period). The per share purchase price is equal to 85% of the fair market value of the Company's common stock on either the offering date or the purchase date, whichever is lesser. During the year ended December 31, 2025, 163,029 shares were purchased and issued through the ESPP.

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following tables contain information about the Company's stock incentive plans at December 31, 2025:

Stock Incentive Plan	Awards Reserved For Issuance	Awards Issued	Awards Available For Grant
2011 Plan	20,231,701	16,579,809	3,651,892
A&R Inducement Plan [1]	2,310,000	2,266,319	43,681
Total	22,541,701	18,846,128	3,695,573

Employee Stock Purchase Plan	Shares Reserved For Purchase	Shares Purchased	Shares Available For Purchase
ESPP	1,000,000	848,101	151,899

(1) In January 2026, the board of directors approved an amendment to the A&R Inducement Plan to authorize an additional 750,000 shares reserved for issuance.

Stock-Based Compensation

Compensation expense for stock options and RSUs is based on the estimated grant date fair value of an award recognized over the requisite service period on a straight-line expense attribution method. Compensation expense for ESPP share options is based on the estimated grant date fair value of the ESPP shares and the number of shares that can be purchased as of the grant date, which is recognized as expense on a straight-line expense attribution method over the length of an offering period.

The Company recognized stock-based compensation expense in its consolidated statements of operations for the years ended December 31, 2025, 2024 and 2023 as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Cost of goods sold	$ 6,448	$ 5,331	$ 5,537
Research and development	9,188	7,381	8,694
Selling, general and administrative	41,866	34,857	33,664
Contingent consideration gains, acquisition-related expenses, restructuring and other	—	3,602	—
Total	$ 57,502	$ 51,171	$ 47,895
Stock-based compensation from:			
Stock options	$ 15,511	$ 21,730	$ 24,005
RSUs	40,583	28,656	22,974
ESPP share options	1,408	785	916
Total	$ 57,502	$ 51,171	$ 47,895
Related income tax benefit	$ 11,913	$ 10,506	$ 10,186

The following table summarizes the Company's stock option activity and related information for the year ended December 31, 2025:

	Number of Stock Options	Weighted Average Exercise Price (Per Share)	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in Thousands)
Outstanding at December 31, 2024	6,845,618	$ 42.95	5.72	$ 804
Granted	537,787	25.14		
Exercised	(30,530)	16.45		$ 271
Forfeited	(224,311)	41.00		
Expired	(754,083)	51.35		
Outstanding at December 31, 2025	6,374,481	40.65	5.38	$ 3,494
Exercisable at December 31, 2025	4,731,527	$ 44.58	4.32	$ 612
Vested and expected to vest as of December 31, 2025	6,374,481	$ 40.65	5.38	$ 3,494

As of December 31, 2025, $19.0 million of total unrecognized compensation cost related to unvested stock options is expected to be recognized over a remaining weighted average period of 2.1 years. The Company's stock options have a maximum expiration date of ten years from the date of grant.

The weighted average fair value of stock options granted for the years ended December 31, 2025, 2024 and 2023 was $13.63, $11.77 and $15.92 per share, respectively. The fair values of stock options granted were estimated using the Black-Scholes model with the following weighted average assumptions:

	Year Ended December 31,		
Black-Scholes Weighted Average Assumption	**2025**	**2024**	**2023**
Expected dividend yield	None	None	None
Risk-free interest rate	3.68% - 4.32%	3.55% - 4.58%	3.05% - 4.81%
Expected volatility	58.0%	40.6%	41.3%
Expected term of options	5.15 years	5.15 years	4.90 years

The following table summarizes the Company's RSU activity and related information for the year ended December 31, 2025:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value (Per Share)	Aggregate Intrinsic Value (in Thousands)
Unvested at December 31, 2024	2,769,728	$ 32.07	$ 52,182
Granted	2,519,321	25.93	
Vested	(836,486)	35.33	
Forfeited	(291,866)	29.53	
Unvested and expected to vest as of December 31, 2025	4,160,697	$ 27.87	$ 107,679

As of December 31, 2025, $87.1 million of total unrecognized compensation cost related to unvested RSUs is expected to be recognized over a weighted average period of 1.5 years. The Company's RSUs have a maximum vest date of four years from the date of grant. The fair values of RSUs awarded are equal to the closing price of the Company's common stock on the date of grant.

The fair values of the ESPP share options granted were estimated using the Black-Scholes model with the following weighted average assumptions:

	Year Ended December 31,		
Black-Scholes Weighted Average Assumption	**2025**	**2024**	**2023**
ESPP share option fair value	$6.09 - $9.82	$8.20 - $8.25	$10.00 - $10.34
Expected dividend yield	None	None	None
Risk-free interest rate	3.80% - 4.24%	5.26% - 5.33%	4.77% - 5.53%
Expected volatility	89.5%	40.5%	35.4%
Expected term of ESPP share options	6 months	6 months	6 months

NOTE 15—NET INCOME (LOSS) PER COMMON SHARE

Potential common shares are excluded from the diluted net income (loss) per common share computation to the extent that they would be antidilutive. Since the Company reported a net loss for the year ended December 31, 2024, no potentially dilutive securities were included in the computation of diluted net loss per share for that period. As discussed in Note 11, *Debt*, the Company has the option to pay cash for the aggregate principal amount due upon the conversion of its 2025 Notes. For additional information on the Company's computation of its net income (loss) per common share, see Note 2, *Summary of Significant Accounting Policies*.

The following table sets forth the computation of basic and diluted net income (loss) per common share for the years ended December 31, 2025, 2024 and 2023 (in thousands, except per common share amounts):

	Year Ended December 31,		
	2025	**2024**	**2023**
Numerator:			
Net income (loss)—basic	$ 7,034	$ (99,560)	$ 41,955
2025 Notes if-converted method adjustment	—	—	4,114
Adjusted net income (loss)—diluted	$ 7,034	$ (99,560)	$ 46,069
Denominator:			
Weighted average common shares outstanding—basic	44,566	46,245	46,222
Computation of diluted securities:			
2025 Notes if-converted method adjustment	—	—	5,608
Dilutive effect of stock options	32	—	51
Dilutive effect of RSUs	434	—	96
Dilutive effect of ESPP share options	10	—	2
Weighted average common shares outstanding—diluted	45,042	46,245	51,979
Net income (loss) per common share:			
Basic net income (loss) per common share	$ 0.16	$ (2.15)	$ 0.91
Diluted net income (loss) per common share	$ 0.16	$ (2.15)	$ 0.89

The following table summarizes the outstanding stock options, RSUs, ESPP share options and convertible senior notes that were excluded from the diluted net income (loss) per common share calculation because the effects of including these potential shares were antidilutive in the periods presented (in thousands):

	Year Ended December 31,		
	2025	**2024**	**2023**
Weighted average number of stock options	6,458	7,217	6,251
2025 Notes	1,654	3,843	—
Weighted average number of RSUs	1,721	2,139	1,033
Weighted average ESPP share options	—	54	20
Total	9,833	13,253	7,304

NOTE 16—INCOME TAXES

Income (loss) before income taxes and the related tax expense is as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Income (loss) before income taxes:			
Domestic	$ 19,615	$ (65,325)	$ 66,257
Foreign	(2,741)	2,219	(4,556)
Total income (loss) before income taxes	$ 16,874	$ (63,106)	$ 61,701
Current taxes:			
Federal	$ 1,855	$ 9,295	$ 1,686
State	1,495	6,527	2,444
Foreign	13	11	1
Total current taxes	$ 3,363	$ 15,833	$ 4,131
Deferred taxes:			
Federal	$ 8,038	$ 18,784	$ 16,790
State	(1,486)	1,837	(1,175)
Foreign	(75)	—	—
Total deferred taxes	$ 6,477	$ 20,621	$ 15,615
Total income tax expense	$ 9,840	$ 36,454	$ 19,746

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

A reconciliation of income tax expense (benefit) at the U.S. federal statutory rate to the provision for income taxes after the adoption of ASU 2023-09 is as follows for the year ended December 31, 2025 (dollars in thousands):

	Year Ended December 31, 2025	
	Amount	Tax Rate
U.S. statutory rate applied to income before taxes	$ 3,544	21.00 %
State and local income taxes, net of federal effect [1]	(513)	(3.04)%
Foreign tax effects - U.K.:		
Nondeductible items	1,061	6.29 %
Valuation allowance	268	1.59 %
Return to provision	(396)	(2.34)%
Other items	21	0.12 %
Rate differential	(343)	(2.03)%
Foreign tax effects—other foreign jurisdictions	(97)	(0.57)%
Total foreign tax effects	514	3.06 %
Tax credits: R&D	(4,098)	(24.29)%
Changes in valuation allowances	840	4.98 %
Non-taxable or nondeductible items:		
Meals and entertainment	419	2.48 %
Stock-based compensation	6,970	41.31 %
Executive compensation	1,543	9.14 %
Contingent consideration	(457)	(2.71)%
Transaction-related items [2]	(657)	(3.89)%
Other items	379	2.25 %
Total non-taxable or nondeductible items	8,197	48.58 %
Changes in unrecognized tax benefits	1,356	8.04 %
Income tax expense and effective tax rate	$ 9,840	58.33 %

(1) State and local taxes in California, New Jersey and Texas comprise the majority of this category and is inclusive of credits.

(2) Transaction-related items primarily related to a $4.2 million non-taxable equity investment gain that occurred when the Company remeasured its previously held equity interest in GQ Bio to its acquisition date fair value. See Note 12, *Financial Instruments*, for more information.

PACIRA BIOSCIENCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

A reconciliation of income tax expense (benefit) at the U.S. federal statutory rate to the provision for income taxes prior to the adoption of ASU 2023-09 is as follows for the years ended December 31, 2024 and 2023 (dollars in thousands):

	Year Ended December 31,			
	2024		2023	
	Amount	Tax Rate	Amount	Tax Rate
U.S. statutory rate applied to (loss) income before taxes	$ (13,252)	21.00 %	$ 12,957	21.00 %
State taxes	7,028	(11.14)%	1,770	2.87 %
Foreign taxes	(104)	0.16 %	(1,798)	(2.91)%
Change in valuation allowance	(589)	0.93 %	2,192	3.55 %
Executive compensation	2,426	(3.84)%	3,171	5.14 %
Stock-based compensation	9,918	(15.72)%	4,070	6.60 %
Tax credits	(5,674)	8.99 %	(3,327)	(5.39)%
Reserves	2,661	(4.22)%	389	0.63 %
Goodwill impairment	34,281	(54.32)%	—	— %
Non-taxable or nondeductible items:				
Contingent consideration	(936)	1.48 %	(719)	(1.17)%
Nondeductible expenses	564	(0.89)%	975	1.58 %
Other	131	(0.20)%	66	0.10 %
Income tax expense and effective tax rate	$ 36,454	(57.77)%	$ 19,746	32.00 %

Deferred taxes reflect the tax effects of the differences between the amounts recorded as assets and liabilities for financial reporting purposes and the comparable amounts recorded for income tax purposes. At each reporting date, the Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. The Company records a valuation allowance on U.S. capital losses and on foreign net deferred tax balances as it is more-likely-than-not the tax benefits are not realizable.

Significant components of the Company's deferred tax assets and liabilities at December 31, 2025 and 2024 are as follows (in thousands):

	December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	$ 120,280	$ 124,536
Federal and state credits	13,995	12,351
Accruals and reserves	15,849	16,114
Stock based compensation	23,652	23,078
Inventory reserves	2,470	2,639
Interest	4,130	5,716
Other	6,332	5,126
Total deferred tax assets	186,708	189,560
Deferred tax liabilities:		
Depreciation and amortization	(40,937)	(34,368)
Total deferred tax liabilities	(40,937)	(34,368)
Deferred tax assets, net of deferred tax liabilities	145,771	155,192
Less: valuation allowance	(26,130)	(24,816)
Net deferred tax assets	$ 119,641	$ 130,376

On July 4, 2025, federal legislation known as the One Big Beautiful Bill Act (the "OBBBA") was enacted, resulting in changes to U.S. federal income tax law. Significant provisions of the OBBBA include the permanent extension of certain

provisions of the 2017 Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. In accordance with ASC 740, *Income Taxes*, the Company is required to recognize the effect of the tax law changes in the period of enactment, such as remeasuring its estimated U.S. deferred tax assets and liabilities. The Company had $124.6 million of a gross deferred tax asset attributed to unamortized U.S. capitalized research and development costs as of December 31, 2024, of which 50% will be deductible in each of its 2025 and 2026 income tax returns. There are no other material impacts to the Company related to the enactment of the OBBBA.

On May 9, 2024, and on May 10, 2024, the Company entered into privately negotiated Capped Call Transactions related to the 2029 Notes. See Note 10, *Debt,* for further discussion of the Capped Call Transactions. The capped call was recorded as a reduction to additional paid-in-capital at its cost of $26.7 million. A related deferred tax asset of $6.5 million was recorded with an offset to additional paid-in-capital and will be amortized as a current tax deduction over a 60-month period. As of December 31, 2025 and 2024, $4.4 million and $5.7 million, respectively, of the related capped call deferred tax asset remains in the Company's deferred tax balances.

As of December 31, 2025, the Company's federal net operating losses, or NOLs, and federal tax credit carryforwards totaled $418.8 million and $5.6 million, respectively. The Company also had state NOLs and state tax credit carryforwards of $495.5 million and $8.4 million, respectively, which are subject to change on an annual basis due to variations in the Company's annual state apportionment factors. The state NOLs will begin to expire in 2028. The Company had non-U.S. NOLs of $12.6 million at December 31, 2025, which do not expire.

Since the Company had cumulative changes in ownership of more than 50% within a three-year period, under IRC sections 382 and 383, the Company's ability to use certain NOLs, tax attributes and credit carryforwards to offset taxable income or tax will be limited. Such ownership changes were triggered by the initial acquisition of the Company's stock in 2007 as well as cumulative ownership changes arising as a result of the completion of the Company's initial public offering, other financing transactions and the Flexion Acquisition in 2021. As a result of these ownership changes, the Company has $451.2 million of federal NOLs subject to annual limitations and are available as follows: $28.3 million will become available in 2026, and $6.9 million in 2027 and thereafter.

In accordance with ASC Topic 740, the Company establishes a valuation allowance for deferred tax assets that, in its judgment, are not more-likely-than-not realizable. These judgments are based on projections of future income—including tax-planning strategies—by individual tax jurisdictions. In each reporting period, the Company assesses the likelihood that its deferred tax assets will be realized and determines if adjustments to its valuation allowance are appropriate. The Company had a net increase in its valuation allowance of $1.3 million in the year ended December 31, 2025 and a net decrease of $0.7 million for the year ended December 31, 2024. The $1.3 million net increase in the current year valuation allowance is primarily related to changes in foreign net deferred tax assets and domestic capital loss carryforwards. The Company continues to maintain a full valuation allowance against net deferred tax assets in certain jurisdictions (including the U.K. and Ireland) since it is more-likely-than-not the tax benefit related to the foreign losses are not realizable.

In 2025, the Company recorded a $1.4 million net increase to unrecognized tax benefits, or UTBs of which a $1.7 million increase is related to tax credit and filing positions taken during the year, and a $0.3 million decrease related to prior year tax credits. The Company's UTB liability at December 31, 2025 was $10.7 million. The changes in the Company's UTBs for the years ended December 31, 2025 and 2024 are summarized as follows (in thousands):

	Unrecognized Tax Benefit
Balance at December 31, 2023	$ 6,711
Additions for prior year positions	1,189
Additions for current year positions	1,472
Balance at December 31, 2024	9,372
Additions for current year positions	1,652
Reduction for prior year positions	(296)
Balance at December 31, 2025	$ 10,728

The UTBs as of December 31, 2025, 2024 and 2023 would, if subsequently recognized, favorably impact the effective income tax rate.

The Company regularly assesses the likelihood of additional tax assessments by jurisdiction and, if necessary, adjusts its reserve for UTBs based on new information or developments. Of the UTB balance at December 31, 2025, $4.6 million was recorded as a reduction to the Company's deferred tax assets. The remaining $6.1 million of the UTB balance at December 31, 2025 was recorded to long-term income taxes payable within other liabilities on the consolidated balance sheet and relates to both the utilization of tax credits and filing positions. Any potential deficiency would not result in a tax liability, therefore, no interest or penalties were recognized in income tax expense for the years ended December 31, 2025, 2024 and 2023 for positions recorded to the Company's deferred tax assets and long-term income taxes payable.

The Company is currently subject to audit by the U.S. Internal Revenue Service, or IRS, for the years 2019 through 2024, and state tax jurisdictions for the years 2018 through 2024. However, the IRS or states may still examine and adjust an NOL arising from a closed year to the extent it is utilized in a year that remains subject to audit. The Company's previously filed income tax returns are not presently under audit by the IRS. The Company is involved in state audits for the years 2020 through 2024.

As of December 31, 2025 and 2024, less than $0.1 million and $0.7 million, respectively, of current income taxes payable were recorded to other accrued operating expenses within the accrued expenses line item of the consolidated balance sheets.

The Company's cash taxes paid, net of refunds, for the year ended December 31, 2025 is summarized as follows (in thousands):

	Cash Paid (Refunded) for Income Taxes
Federal	$ 6,730
State and local:	
California	(904)
Other states and local	3,127
Total state and local	2,223
Foreign	60
Total cash paid for income taxes, net of refunds	$ 9,013

The Company's cash taxes paid, net of refunds, for the years ended December 31, 2024 and 2023 were $11.0 million and $4.4 million, respectively.

NOTE 17—EMPLOYEE BENEFIT PLANS

401(k) Salary Savings Plan

The Company's 401(k) Salary Savings Plan, or 401(k) Plan, is a deferred salary arrangement under section 401(k) of the IRC. Under the 401(k) Plan, participating U.S. employees may defer a portion of their pre-tax earnings which are eligible for a discretionary percentage match as defined in the 401(k) Plan and determined by the Company's board of directors (up to the maximum amount permitted by the IRC). The Company recognized $6.7 million, $5.8 million and $4.8 million of related compensation expense for its 401(k) Plan discretionary match for the years ended December 31, 2025, 2024 and 2023, respectively.

Deferred Compensation Plan

The Company intends that its Deferred Compensation Plan, or DCP, constitute, and be construed and administered as, an unfunded plan of deferred compensation within the meaning of the Employee Retirement Income Security Act of 1974, as amended, and the IRC of 1986, as amended, under which eligible participants may elect to defer the receipt of current compensation. Eligible participants include select management and highly compensated employees of the Company, including the Company's named executive officers. Pursuant to the DCP, subject to any minimum and maximum deferral requirements that the administrator of the DCP may establish, participants may elect to defer their base salary and annual incentive awards. In addition to elective deferrals, the DCP permits the Company to make matching and certain other discretionary contributions to the participants. The company contributes assets to a rabbi trust to accumulate funds to pay benefits under the DCP. Funds held in the rabbi trust must be used to pay benefits to DCP participants, except in the case of the Company's bankruptcy or insolvency, in which case, they become subject to claims by the Company's creditors. The Company recognized $0.1 million of

related compensation expense for the Company's discretionary match for the year ended December 31, 2025. The Company recognized a $0.1 million credit and $0.3 million of related compensation expense for its DCP discretionary match for each of the years ended December 31, 2024 and 2023. The carrying value of assets held in the rabbi trust equaled the DCP liability as of both December 31, 2025 and 2024. As of December 31, 2025, the carrying value of the assets held in the rabbi trust was $7.7 million, of which $1.7 million is classified as current. As of December 31, 2024, the carrying value of the assets held in the rabbi trust was $7.2 million, of which $1.0 million was classified as current. The rabbi trust's current and noncurrent assets are classified within prepaid expenses and other assets and investments and other assets, respectively, within the consolidated balance sheets. The DCP current and noncurrent liabilities are classified within accrued expenses and other liabilities, respectively, within the consolidated balance sheets.

Cash Long-Term Incentive Plan

The Company's cash long-term incentive plan, or LTIP, is focused on pre-determined and objective performance goals during each applicable performance period from January 1 through December 31 of each calendar year. Award amounts ranging from 0% to 225% of the target cash award can be earned based on achievement of two equally weighted financial metrics: net revenue and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), with a relative total shareholder return modifier based on the Company's stock price performance relative to the companies comprising the S&P Pharmaceuticals Select Industry Index. The performance period for these metrics is one year, with an additional three years of time-vesting following the performance period. For the years ended December 31, 2025, 2024 and 2023 the Company recognized $3.0 million, $1.8 million and $0.5 million of related compensation expense under the LTIP, respectively. Amounts recognized in 2025 related to the 2025 and 2024 performance periods, amounts recognized in 2024 related to the 2024 and 2021 performance periods, and amounts recognized in 2023 only related to the 2021 performance period. Amounts earned for the 2025 performance year are payable to eligible participants in January 2029 after a three-year vesting period concludes. As of December 31, 2025 and 2024, there was $4.5 million and $1.5 million included in other liabilities in the condensed balance sheets, respectively. At December 31, 2024, $3.0 million was included in accrued expenses in the consolidated balance sheets, which was paid to eligible participants in January 2025 for the 2021 performance period after their three-year vesting period concluded.

NOTE 18—CONTINGENT CONSIDERATION GAINS, ACQUISITION-RELATED EXPENSES, RESTRUCTURING AND OTHER

Contingent consideration gains, acquisition-related expenses, restructuring and other for the years ended December 31, 2025, 2024 and 2023 are summarized below (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Contingent consideration gains	$ (2,175)	$ (4,457)	$ (3,424)
Restructuring charges	3,674	8,532	1,109
Acquisition-related expenses	2,895	1,462	1,963
Legal settlement	7,000	—	—
Legal judgment	(23,148)	—	—
Impairment of acquired IPR&D	25,866	—	—
Loss on lease termination	—	2,165	—
Total contingent consideration gains, acquisition-related expenses, restructuring and other	$ 14,112	$ 7,702	$ (352)

Flexion Acquisition Contingent Consideration

For the years ended December 31, 2025, 2024 and 2023, the Company recognized contingent consideration gains of $2.2 million, $4.5 million and $3.4 million, respectively, due to a decrease in the fair value of its contingent consideration related to the Flexion Acquisition. See Note 12, *Financial Instruments*, for information regarding the method and key assumptions used in the fair value measurements of the Company's contingent consideration and more information regarding the changes in fair value.

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2025 Restructuring Charges

In July 2025, as a result of improving manufacturing efficiencies for EXPAREL, the Company instituted a reduction in force at its Science Center Campus in San Diego, California. The Company's enhanced efficiencies are the result of its multi-year investment in two large-scale 200+ liter EXPAREL batch manufacturing suites located in San Diego and Swindon, U.K., which commenced commercial production in 2024 and 2021, respectively.

These two large-scale manufacturing suites are capable of producing bulk EXPAREL volumes that are approximately four-fold greater than the Company's 45-liter batch manufacturing process. The Company believes these larger manufacturing suites provide ample capacity for meeting the growing demand and improving gross margins for EXPAREL through a meaningfully more favorable cost structure and manufacturing yields versus the 45-liter batch process. As a result, the Company decommissioned its 45-liter EXPAREL batch manufacturing suite located in San Diego and reduce its workforce accordingly. The reduction impacted 71 employees or approximately 8% of the Company's then-total workforce.

For the year ended December 31, 2025, the Company recognized $3.7 million of employee termination benefit charges, under ASC 420—*Liabilities for Exit or Restructuring Activities*. These employee termination benefits consisted of garden leave under California employment law, severance, healthcare benefits, and, to a lesser extent, other one-time termination benefits.

As noted in Note 6, *Inventories*, and Note 7, *Fixed Assets*, the Company reserved $1.0 million of inventory and recognized $5.5 million of accelerated depreciation expense during the year ended December 31, 2025 associated with the decommission of the 45-liter manufacturing assets, which was recognized as costs of goods sold in the consolidated statements of operations.

The Company's 2025 restructuring charges, including the beginning and ending liability balances, are summarized below (in thousands):

	Employee Termination Benefits
Balance at December 31, 2024	$ —
Charges incurred	3,674
Cash payments made / settled	(3,388)
Balance at December 31, 2025	$ 286

2024 Restructuring Charges

In February 2024, the Company initiated a restructuring plan designed to ensure it is well positioned for long-term growth. The restructuring plan included: (i) reshaping the executive team, (ii) reallocating efforts and resources from its ex-U.S. and certain early-stage development programs to its U.S. commercial portfolio in the U.S. market and (iii) reprioritizing investments to enhance key commercial capabilities and expand EXPAREL utilization. The Company recognized $8.5 million of restructuring charges for the year ended December 31, 2024, related to employee termination benefits, such as the acceleration of share-based compensation, severance, and, to a lesser extent, other employment-related termination costs, as well as contract termination costs, which have been fully paid.

2023 Restructuring Charges

In June 2023, the Company implemented a restructuring plan in an effort to improve its operational efficiencies. The restructuring charges were predominantly related to one-time employee termination benefits through a reduction of headcount, such as severance and related costs. During the year ended December 31, 2023, the Company recognized $1.1 million of restructuring charges, which have been fully paid.

Acquisition-Related Charges

The Company recognized charges of $2.9 million during the year ended December 31, 2025 primarily related to third-party services and legal fees associated with the GQ Bio Acquisition. See Note 4, *GQ Bio Therapeutics Acquisition*, for more information.

The Company recognized acquisition-related charges of $1.5 million and $2.0 million during the years ended December 31, 2024 and 2023 primarily related to vacant and underutilized Flexion leases that were assumed from the Flexion Acquisition. See Note 8, *Leases*, for more information on the conclusion of these leases.

Legal Settlement

The Company recognized $7.0 million of costs during the year ended December 31, 2025 related to the patent infringement suits against the eVenus ANDA Filers (as defined below). See Note 20, *Commitments and Contingencies*, for more information.

Legal Judgment

The Company recognized other income of $23.1 million during the year ended December 31, 2025 upon receipt of a cash payment associated with the U.S. District Court for the District of Nevada issuing judgment declaring that the Research Development Foundation was required to repay the Company the royalties on EXPAREL sales that the Company had previously paid under protest. See Note 20, *Commitments and Contingencies*, for more information.

Impairment of Acquired IPR&D

The Company recognized an impairment of $25.9 million during the year ended December 31, 2025 for an acquired IPR&D intangible asset related to ZILRETTA for the treatment of OA pain of the shoulder based on the amount that its previous carrying value of $33.9 million exceeded its current fair value of $8.0 million. See Note 9, *Goodwill and Intangible Assets*, for more information.

Loss on Lease Termination

The Company recognized a loss of $2.2 million during the year ended December 31, 2024 associated with exiting a lease for a training facility in Houston, Texas. The loss resulted from the derecognition of the right-of-use asset, its lease liability and a termination payment of $1.3 million.

NOTE 19—COMMERCIAL PARTNERS AND OTHER AGREEMENTS

Thermo Fisher Scientific Pharma Services

In April 2014, the Company and Thermo Fisher entered into a Strategic Co-Production Agreement, a Technical Transfer and Service Agreement (the "EXPAREL Technical Transfer and Service Agreement") and a Manufacturing and Supply Agreement to collaborate in the manufacture of EXPAREL. Under the terms of the EXPAREL Technical Transfer and Service Agreement, Thermo Fisher undertook certain technical transfer activities and construction services needed to prepare its Swindon, U.K. facility for the manufacture of EXPAREL in dedicated manufacturing suites. The Company is now utilizing a second, larger-scale dedicated manufacturing suite. Under these agreements, the Company makes monthly base fee payments to Thermo Fisher. Unless earlier terminated by providing 18 months' notice (other than termination by the Company in the event of a material breach by Thermo Fisher), this agreement will expire in May 2028.

Prior to the Flexion Acquisition, in July 2015, Flexion and Thermo Fisher entered into a Manufacturing and Supply Agreement (the "ZILRETTA Manufacturing and Supply Agreement") and a Technical Transfer and Service Agreement related to the manufacture of ZILRETTA at the same Thermo Fisher site in Swindon, U.K where the Company's EXPAREL manufacturing suite is located. Thermo Fisher agreed to undertake certain transfer activities and construction services needed to prepare its facility for the commercial manufacture of ZILRETTA in dedicated manufacturing suites. Flexion provided Thermo Fisher with certain equipment and materials necessary to manufacture ZILRETTA. The Company pays a monthly base fee to Thermo Fisher for the operation of the manufacturing suites and a per product fee for each vial of ZILRETTA based upon a forecast of commercial demand. The Company also reimburses Thermo Fisher for purchases of materials and equipment made on its behalf, certain nominal expenses and additional services. Unless earlier terminated (other than termination by the Company in the event that Thermo Fisher does not meet specified milestones or for a breach by Thermo Fisher), the Company will be obligated to pay for the costs incurred by Thermo Fisher associated with the removal of its manufacturing equipment and for Thermo Fisher's termination costs up to a specified capped amount.

The initial term of the ZILRETTA Manufacturing and Supply Agreement that the Company assumed as part of the Flexion Acquisition expires in October 2027. The ZILRETTA Manufacturing and Supply Agreement will remain in full effect unless and until it expires or is terminated. The Company may terminate this agreement upon one month's notice if a regulatory authority causes the withdrawal of ZILRETTA from the U.S. or any other market that represents 80 percent of its overall sales,

or at any time for convenience by providing 24 months' notice. Either party may terminate the ZILRETTA Manufacturing and Supply Agreement in the event of the breach or bankruptcy of the other party.

Aratana Therapeutics, Inc.

In December 2012, the Company entered into a worldwide license, development and commercialization agreement with Aratana Therapeutics, Inc., a wholly owned subsidiary of Elanco Animal Health, Inc., or Aratana. Under the agreement, the Company granted Aratana an exclusive royalty-bearing license, including the limited right to grant sublicenses, for the development and commercialization of the Company's bupivacaine liposome injectable suspension product for veterinary use. Under the agreement, Aratana developed and obtained FDA approval for the use of the product in veterinary surgery to manage postsurgical pain. The Company is eligible to receive from Aratana up to an aggregate of $40.0 million upon the achievement of commercial milestones. Aratana is required to pay the Company a tiered double-digit royalty on certain net sales made in the U.S. If the product is approved by foreign regulatory agencies for sale outside of the U.S., Aratana will be required to pay the Company a tiered double-digit royalty on such net sales. Royalty rates will be reduced by a certain percentage upon the entry of a generic competitor for animal health indications into certain jurisdictions or if Aratana must pay royalties to third parties under certain circumstances. Unless terminated earlier pursuant to its terms, the license agreement is effective until July 2033, after which Aratana has the option to extend the agreement for an additional five-year term, subject to certain requirements.

Aratana began purchasing bupivacaine liposome injectable suspension product in 2016, which they market under the trade name NOCITA® (a registered trademark of Aratana) for veterinary use.

Amphenol Corporation

In January 2020, the Company and a predecessor company to Amphenol Corporation, or Amphenol, entered into a Manufacturing and Supply Agreement (the "Amphenol Agreement") to collaborate in the manufacture of iovera° Smart Tips at Amphenol's Tijuana, Mexico facility. The initial term of the Amphenol Agreement was for five years with automatic one-year extensions unless either party provides prior notice in writing. Under the Amphenol Agreement, the Company pays fees based on the amount of iovera° Smart Tips delivered by Amphenol. Since April 2022, all iovera° Smart Tips have been produced by Amphenol.

The Amphenol Agreement may be terminated by either party upon one year's written notice without cause. The Company may terminate the Amphenol Agreement upon thirty days' written notice in the event that iovera° is withdrawn from the market or no longer sold by us. Either party may terminate the Amphenol Agreement in the event of the breach or bankruptcy of the other party.

Jubilant Hollisterstier, LLC

In January 2025, we and Jubilant Hollisterstier, LLC, or Jubilant, entered into a Manufacture and Supply Agreement (the "Jubilant Agreement") to collaborate in the manufacture of the diluent for ZILRETTA at Jubilant's Spokane, Washington facility. The initial term of the Jubilant Agreement is three years with extensions available under the mutual consent of both parties. Under the Jubilant Agreement, we pay a fixed cost per vial of ZILRETTA diluent delivered by Jubilant. Either party may terminate the Jubilant Agreement in the event of the breach or bankruptcy of the other party.

AmacaThera, Inc.

In November 2025, the Company and AmacaThera, Inc., or AmacaThera, a clinical-stage biotechnology company specializing in drug delivery, entered into an exclusive worldwide license agreement (the "AmacaThera Agreement") for the development and commercialization of PCRX-2002 (previously known by AmacaThera as AMT-143), a long-acting formulation of the non-opioid analgesic ropivacaine for postsurgical pain. In a Phase 1 study, PCRX-2002 demonstrated sustained release of ropivacaine through 14 days. The Company and AmacaThera expect to initiate a Phase 2 program in 2026. Under the terms of the AmacaThera agreement, the Company made an upfront payment of $5.0 million to AmacaThera, recorded as R&D expense during the year ended December 31, 2025, with the potential for future development- and sales-based milestone payments and a tiered royalty on future net product sales.

LG Chem

In January 2026, the Company and LG Chem, Ltd., or LG Chem, entered into a partnership agreement to expand access to EXPAREL in select Asian–Pacific markets. Under the terms of the partnership, LG Chem has the exclusive rights to commercialize EXPAREL in the region. The Company received a $2.0 million upfront payment that it will recognize over the license term upon commercialization and will receive a transfer price and tiered royalties on future commercial sales by LG

Chem in its licensed territories. The Company will manufacture EXPAREL and LG Chem will be responsible for securing regulatory approvals in the licensed territories and plans to file for marketing authorizations in South Korea and Thailand in the second half of 2026.

NOTE 20—COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, the Company has been and may again become involved in legal proceedings arising in the ordinary course of its business, including those related to its patents and intellectual property, product liability and government investigations. Except as described below, the Company is not presently a party to any legal proceedings that it believes to be material, and is not aware of any pending or threatened litigation against the Company which it believes could have a material adverse effect on its business, operating results, financial condition or cash flows. The Company is not in a position to assess the likelihood of any potential losses or adverse effect on its financial condition or to estimate the amount or range of potential losses, if any, from the following actions at this time.

MyoScience Milestone Litigation

In August 2020, the Company and its subsidiary, Pacira CryoTech, Inc. ("Pacira CryoTech"), filed a lawsuit in the Court of Chancery of the State of Delaware against Fortis Advisors LLC ("Fortis"), solely in its capacity as representative for the former securityholders of MyoScience and certain other defendants, seeking declaratory judgment with respect to certain terms of the merger agreement for the MyoScience Acquisition (the "MyoScience Merger Agreement"), specifically related to the achievement of certain milestone payments under the MyoScience Merger Agreement. In October 2020, Fortis filed an answer and counterclaim against the Company and Pacira CryoTech seeking to recover certain milestone payments under the MyoScience Merger Agreement.

A trial was conducted in September 2023. In January 2025, the Court issued its decision, finding that the disputed milestones were not met and therefore granted judgment to the Company in full. In March 2025, the Company filed a motion to recover attorney fees, and the parties subsequently agreed to settle the amount of expenses owed to the Company, whereby Fortis agreed to pay the Company $5.2 million and waived its rights to appeal the decision. A final judgment and order was entered in April 2025. The $5.2 million payment received was accounted for as a recovery of losses and recorded against selling, general and administrative expense in the year ended December 31, 2025 within the consolidated statement of operations, consistent with where the previous expenses were recorded.

eVenus Pharmaceutical Laboratories Litigations

In October 2021, December 2021, April 2023 and May 2024, the Company received Notice Letters advising that eVenus Pharmaceutical Laboratories, Inc., or eVenus, of Princeton, New Jersey, submitted to the FDA an Abbreviated New Drug Application, or ANDA, with a Paragraph IV certification seeking authorization for the manufacturing and marketing of a generic bupivacaine liposome injectable suspension in the U.S. prior to the expiration of certain of the Company's U.S. patents.

Beginning in November 2021, the Company filed various patent infringement suits against eVenus, its parent company (Jiangsu Hengrui Pharmaceuticals, Co. Ltd., or Jiangsu Hengrui) and Fresenius Kabi USA, LLC, or Fresenius, (together, the "eVenus ANDA Filers") in the U.S. District Court for the District of New Jersey asserting infringement of U.S. Patent No. 11,033,495 (the '495 patent) (21-cv-19829), U.S. Patent No. 11,179,336 (the '336 patent) (22-cv-00718), U.S. Patent No. 11,426,348 (the '348 patent) (23-cv-02367), U.S. Patent Nos. 11,819,574 (the '574 patent) and 11,819,575 (the '575 patent) (24-cv-06294), and U.S. Patent No. 11,925,706 (the '706 patent) (24-cv-07680). In December 2024, the Company filed a patent infringement suit against Fresenius and Jiangsu Hengrui in the Northern District of Illinois (24-cv-12416) asserting that the ANDA products will infringe U.S. Patent No. 12,156,940 (the '940 patent). Also in December 2024, the eVenus ANDA Filers filed an action for declaratory judgment of non-infringement and invalidity with respect to the '940 patent in the District Court of New Jersey (24-cv-11014).

On April 7, 2025, the Company, along with its operating subsidiary, Pacira Pharmaceuticals, Inc., entered into a settlement agreement with the eVenus ANDA Filers with respect to the litigations noted above. Pursuant to the settlement agreement, the eVenus ANDA Filers will be enjoined from marketing a generic bupivacaine liposome injectable suspension before the expiration of the patents-in-suit, except as provided for in the settlement agreement, as described below. In settlement of all outstanding claims in the litigations, the Company agreed to provide the eVenus ANDA Filers with a license to the Company's patents required to manufacture and sell certain volume-limited amounts of a generic bupivacaine liposome injectable suspension in the U.S. beginning on a confidential date that is sometime in early 2030. While the agreed-upon volume-limited percentages are confidential, they begin at a high single-digit percentage of the total volumes distributed in the

U.S. market and increase gradually in each 12-month period following the volume-limited entry date until reaching a percentage in the low thirties in 2033 and increasing modestly in each of the next two 12-month periods before reaching a maximum percentage in the high thirties of the total volumes distributed in the U.S. for the final three years of the agreement. In addition, the Company has agreed to provide the eVenus ANDA Filers with a license to its patents required to manufacture and sell an unlimited quantity of a generic bupivacaine liposome injectable suspension in the U.S. beginning on a confidential date in 2039. In addition, in recognition of the Company's expected savings with respect to, among other things, the avoidance of fees, costs, time and resources associated with continuing the litigations, the Company paid the eVenus ANDA Filers $7.0 million This legal settlement cost was recorded within contingent consideration gains, acquisition-related expenses, restructuring and other in the year ended December 31, 2025 in the Company's consolidated statement of operations.

Paragraph IV Certification Notices

In October 2025, the Company received two separate Paragraph IV Certifications from two Chinese generic drug manufacturers (The WhiteOak Group, Inc., or WhiteOak, of Rockville, Maryland (a subsidiary of Zhejiang Haichang Biotechnology Co., Ltd.) and Qilu Pharmaceutical (Hainan) Co., Ltd., or Qilu), each advising that they had submitted an ANDA to the FDA seeking authorization from the FDA to manufacture, use or sell a generic version of EXPAREL in the U.S. Each letter alleged that EXPAREL patents listed in the FDA's *Approved Drug Products with Therapeutic Equivalence Evaluations* (the "Orange Book") are not valid, not enforceable, and/or will not be infringed by the commercial manufacture, use or sale of the proposed products described in these ANDA submissions.

On November, 26, 2025, the Company filed a patent infringement suit against WhiteOak and Qilu in the U.S. District Court of the District of Delaware (25-cv-1445) asserting infringement of U.S. Patent No. 11,033,495 (the '495 patent), U.S. Patent Nos. 11,819,574 (the '574 patent) U.S. Patent No. 12,144,890 (the '890 patent), U.S. Patent No. 12,151,024 (the '024 Patent), U.S. Patent No. 12,156,940 (the '940 patent), U.S. Patent No. 12,251,468 (the '468 Patent), U.S. Patent No. 12,296,047 (the '047 Patent), U.S. Patent No. 12,318,483 (the '483 Patent), and U.S. Patent No. 12,370,142 (the '142 Patent). On January 23, 2026 and February 5, 2026, Qilu and WhiteOak, respectively, each answered the complaint and asserted affirmative defenses and counterclaims asserting, inter alia, invalidity, unenforceability and non-infringement. The Company intends to vigorously defend its intellectual property rights relating to EXPAREL. The Company is unable to predict the outcome of this litigation at this time.

Argentum Request for Ex Parte Reexamination of '495 Patent

On October 3, 2024, Argentum Pharmaceuticals LLC, or Argentum, filed a Request for Ex Parte Reexamination of the '495 patent. Specifically, Argentum alleged that claims 1, 7 and 8 of the '495 patent are obvious and cite to U.S. Patent No. 9,585,838 (the '838 patent) and the *Physician's Desk Reference* in support of its allegation. In response, the Company submitted rebuttal evidence, certain claim amendments, and new claims. Claim 7 was withdrawn from the reexamination due to the finality of the judgment in the eVenus litigation, and claim 1 was canceled. The USPTO agreed with the Company's position and issued a Reexamination Certificate in August 2025.

Securities Class Action

On January 13, 2025, Leandro Alvarez filed a putative class action on behalf of Company shareholders between August 2, 2023 and August 8, 2024 against the Company and certain of its officers, in the District Court of New Jersey (25-cv-322). The complaint alleges that the Company made materially false and misleading statements and/or concealed material adverse facts concerning EXPAREL patents. The Company filed a motion to dismiss the complaint, and in February 2026, the suit was dismissed with prejudice.

Shareholder Derivative Action

On June 16, 2025, a Shareholder Derivative suit, Young v. Lee, et al, was filed in the District of New Jersey (25-cv-11841). The complaint alleges that certain officers and members of the Company's board of directors breached their fiduciary duties by making materially false and misleading statements and/or concealed material adverse facts concerning EXPAREL patents. The case is in the pleadings stage and the Company is unable to predict the outcome of this litigation at this time.

Research Development Foundation

Pursuant to an agreement with the Research Development Foundation, or RDF, the Company was required to pay RDF a low single-digit royalty on the collection of revenues from certain products for as long as certain patents assigned to the Company under the agreement remain valid. RDF has the right to terminate the agreement for an uncured material breach by

the Company, in connection with its bankruptcy or insolvency or if it directly or indirectly opposes or disputes the validity of the assigned patent rights. The Company's '495 patent was issued on June 15, 2021. Thereafter, RDF asserted that the issuance of that patent extends the Company's royalty obligations under the agreement until 2041. The Company believes that the royalty period under the agreement ended on December 24, 2021 with the expiration of the '838 patent. Because of the disagreement over the interpretation of the agreement, in December 2021, the Company filed a declaratory judgment lawsuit in the U.S. District Court for the District of Nevada (21-cv-02241). The lawsuit sought a declaration from the court that the Company owed no royalties to RDF with respect to its EXPAREL product after December 24, 2021.

In August 2023, the U.S. District Court, District of Nevada granted the Company's motion for partial summary judgment in respect to the Company's claim for a declaration that it no longer owes royalties for EXPAREL made under its 45-liter batch manufacturing process as of December 24, 2021. A trial as to whether royalties were owed on EXPAREL made under the Company's enhanced, larger-scale manufacturing process was conducted in September 2024. In April 2025, the Court issued judgment in favor of the Company. As a result, the low single-digit royalty that the Company had been paying RDF was eliminated, and the Company sought repayment of up to $23.1 million plus interest, from RDF, representing the royalties that the Company paid to RDF under protest on the collection of revenues of EXPAREL that occurred after December 24, 2021.

In June 2025, the U.S. District Court for the District of Nevada issued judgment in favor of the company declaring that RDF is required to repay Pacira $23.1 million in royalties on EXPAREL sales that were previously paid under protest. The Nevada Court also awarded Pacira an additional interest payment of $5.2 million in statutory interest on the royalties paid under protest. In July 2025, the Company received a $28.3 million cash payment for which $23.1 million was recorded within contingent consideration gains, acquisition-related expenses, restructuring and other and $5.2 million was recorded within interest income in the year ended December 31, 2025 in the Company's consolidated statements of operations. In May and September 2025, RDF filed two notices of appeal. A consolidated appeal is pending.

Purchase Obligations

The Company has approximately $37.2 million of minimum, non-cancelable contractual commitments for contract manufacturing services as of December 31, 2025, of which $19.5 million is due in 2026, $16.0 million is due in 2027 and the remaining $1.7 million is due in 2028. The Company has approximately $9.1 million of minimum, non-cancelable contractual commitments for the purchase of certain raw materials as of December 31, 2025, of which $3.1 million are due in each of 2026 and 2027, $1.7 million in 2028, and $0.6 million in each of 2028 and 2029. The Company has $8.3 million of other minimum, non-cancelable contractual commitments as of December 31, 2025, of which $6.3 million is due in 2026, $0.8 million in 2027, $0.7 million in 2028 and the remaining $0.5 million is due thereafter.

Other Commitments and Contingencies

Johnson & Johnson MedTech

In July 2025, the Company entered into a co-promotion agreement with Johnson & Johnson MedTech, or J&J MedTech, (the "J&J Agreement"), to market and promote the use of ZILRETTA for OA knee pain in the U.S. J&J MedTech's specialized early intervention sales force will extend the reach of ZILRETTA beyond orthopedic practices, into multiple new physician specialties, including sports medicine, osteopathy, pain management and rheumatology.

Under the J&J Agreement, J&J MedTech is the exclusive third-party co-promoter for ZILRETTA in the U.S. The initial term of the J&J Agreement extends through 2031 with an option to extend under mutual agreement.

The Company will continue to recognize all revenue from sales of ZILRETTA. As compensation for its promotional efforts, for the first 12 months of the J&J Agreement the Company will pay J&J MedTech a minimum monthly commission. For the remaining term of the agreement, Pacira will pay a tier-based commission with higher commission percentages earned at higher annual ZILRETTA sales levels. J&J MedTech will receive a tiered commission ranging from low single digits to double digits.

The Company and J&J MedTech have mutual termination rights under the J&J Agreement, subject to certain terms, conditions and advance notice requirements, provided that the Company or J&J MedTech generally may not terminate the J&J Agreement, without cause, within one year of the effective date of the J&J Agreement. The Company also has additional unilateral termination rights under certain circumstances. The J&J Agreement contains customary representations, warranties, covenants and confidentiality provisions, as well as mutual indemnification obligations. J&J MedTech is also subject to certain obligations and restrictions, including required compliance with certain laws and regulations and the Company's policies, in connection with fulfilling their obligations under the J&J Agreement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Termination of License Agreement

Prior to the Flexion Acquisition, in March 2020, Flexion entered into an exclusive license agreement with Hong Kong Tainuo Pharma Ltd., or HK Tainuo, and Jiangsu Tainuo Pharmaceutical Co. Ltd., a subsidiary of China Shijiazhuang Pharmaceutical Co, Ltd., for the development and commercialization of ZILRETTA in Greater China (consisting of mainland China, Hong Kong, Macau and Taiwan). Under the terms of the agreement, HK Tainuo paid Flexion an upfront payment of $10.0 million during the year ended December 31, 2020 which was recorded as deferred revenue as of December 31, 2021. The Company was also eligible to receive up to $32.5 million in aggregate development, regulatory and commercial sales milestone payments under the exclusive license agreement. HK Tainuo was responsible for the clinical development, product registration and commercialization of ZILRETTA in Greater China. The Company was solely responsible for the manufacture and supply of ZILRETTA to HK Tainuo for all clinical and commercial activities. The terms related to product manufacturing and supply, including pricing and minimum purchase requirements agreed to in the license agreement, were to be covered by a separate supply agreement which was never finalized.

In July 2022, the Company submitted notice to HK Tainuo of its intent to pursue termination of the license agreement. The $13.0 million related to the termination of the license agreement was paid in January 2023.

Pediatric Trial Commitments

The FDA, as a condition of EXPAREL approval, has required the Company to study EXPAREL for infiltration and as a brachial plexus block in pediatric patients. The Company was granted deferrals for the required pediatric trials until after the indications were approved in adults. Similarly, in Europe, the Company agreed with the European Medicines Agency, or EMA, on a Pediatric Investigation Plan as a prerequisite for submitting a Marketing Authorization Application (MAA) in the European Union, or E.U. Despite the U.K.'s withdrawal from the E.U., the agreed pediatric plan is applicable in the U.K.

The Company has received notification from both the FDA and EMA that its pediatric studies requirement had been waived for the indications of brachial plexus interscalene nerve block, lower extremity nerve block, sciatic nerve block in the popliteal fossa and adductor canal block indications to produce postsurgical regional analgesia in pediatric patients. The Company is still working with the FDA, EMA and Medicines and Healthcare Regulatory Agency (MHRA) to finalize the regulatory pathways for its remaining pediatric commitments.

The Company has successfully completed Part 1 of a Phase 1 pharmacokinetic pediatric study in children aged two to less than six years of age and has initiated enrollment for Part 2 of the study in children aged six months to less than two years of age using the same dosage that was utilized in Part 1.

Contingent Milestone Payments

Refer to Note 12*, Financial Instruments*, for information on potential contingent milestone payments related to the Flexion Acquisition.

PCRX-201

PCRX-201 (enekinragene inzadenovec) is a novel, locally administered gene therapy vector platform product candidate that boosts cellular production of the anti-inflammatory protein interleukin-1 receptor antagonist (IL-1Ra) for treating OA pain in the knee, was added to the Company's portfolio as part of the Flexion Acquisition in November 2021.

Prior to the Flexion Acquisition, in 2017, Flexion entered into an agreement with GQ Bio to acquire the global rights to PCRX-201, a gene therapy product candidate. As part of the agreement, up to an aggregate of $56.0 million of payments could have become due upon the achievement of certain development and regulatory milestones, including up to $4.5 million through initiation of a Phase 2 clinical trial and up to an additional $51.5 million in development and global regulatory approval milestone payments. In February 2025, Pacira Therapeutics, Inc., a wholly-owned subsidiary of the Company, completed the GQ Bio Acquisition and acquired the remaining 81% of GQ Bio that was not already owned by the Company. For more information on the GQ Bio Acquisition, see Note 4, *GQ Bio Therapeutics Acquisition*. As of the date hereof, GQ Bio is a wholly-owned subsidiary of the Company.

Also in 2017, in an agreement between The Baylor College of Medicine, or BCM, and GQ Bio, the Company (through the Flexion Acquisition) became the direct licensee of certain underlying BCM patents and other proprietary rights related to PCRX-201. The license agreement grants the Company an exclusive, royalty-bearing, world-wide right and license under its patent and other proprietary rights directly related to PCRX-201. The license agreement with BCM includes a low single-digit royalty on net product sales of PCRX-201. Milestone payments range from $0.1 million up to $0.6 million based on the completion of a Phase 1 FDA trial up to a Phase 3 clinical trial.

In February 2024, the FDA granted a Regenerative Medicine Advanced Therapy (RMAT) designation to PCRX-201 for the treatment of OA pain of the knee.

NOTE 21—SEGMENT INFORMATION

The Company is managed and operated as a single business focused on the development, manufacture, marketing, distribution and sale of non-opioid pain therapies. The Company is managed by a single management team, and, consistent with its organizational structure, the Chief Executive Officer—who is the Company's chief operating decision maker, or CODM—manages and allocates resources at a consolidated level. Accordingly, the Company views its business as one operating segment and one reportable segment to evaluate its performance, allocate resources, set operational targets and forecast its future financial results.

The key measure of the Company is GAAP net income. The CODM uses this measure to evaluate its performance, allocate resources, set operational targets and forecast its future financial results.

There are significant expense categories and amounts that are regularly provided to the CODM. These expense categories differ from what is disclosed in the Company's financial results. The table below reconciles the significant expense categories provided to the CODM to the Company's expenses as disclosed under GAAP (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Revenues	$ 726,411	$ 700,966	$ 674,978
Less:			
Adjusted cost of goods sold [1]	136,780	165,097	173,980
Adjusted research and development [1]	104,704	74,196	67,563
Adjusted selling and marketing [1]	226,616	172,015	153,040
Adjusted general and administrative [1]	100,277	86,385	82,737
Goodwill impairment	—	163,243	—
Stock-based compensation [1]	57,502	51,171	47,895
Amortization of acquired intangible assets	57,288	57,288	57,288
Changes in the fair value of contingent consideration	(2,175)	(4,457)	(3,424)
Legal settlement	7,000	—	—
Legal judgment	(23,148)	—	—
Impairment of acquired IPR&D	25,866	—	—
Other [2]	16,510	9,399	8,224
Total operating expenses	707,220	774,337	587,303
Adjusted other income (expense)	(1,334)	2,747	(9,048)
(Loss) gain on early extinguishment of debt	(983)	7,518	(16,926)
Total other (expense) income, net	(2,317)	10,265	(25,974)
Income (loss) before income taxes	16,874	(63,106)	61,701
Income tax expense	(9,840)	(36,454)	(19,746)
Net income (loss)	$ 7,034	$ (99,560)	$ 41,955

(1) The adjustments are primarily related to stock-based compensation being noted separately as a line item.
(2) During the year ended December 31, 2025 and 2024, the remaining other operating expenses include restructuring charges. During the years ended December 31, 2025, 2024 and 2023, the remaining other operating expenses include acquisition-related charges.

The measure of segment assets is reported on the Company's consolidated balance sheet as total assets. Substantially all of the Company's assets are used to support its mission in delivering innovative, non-opioid pain therapies to transform the lives of patients. For the year ended December 31, 2025, the Company's long-lived assets were primarily located in the U.S. (83%), and, to a lesser extent, Germany (9%) and the U.K. (8%). For the years ended December 31, 2024 and 2023, the Company's long-lived assets were substantially located in the U.S. For more information on the Company's fixed assets, refer to Note 7, *Fixed Assets*.

PACIRA BIOSCIENCES, INC.
AMENDED AND RESTATED 2014 INDUCEMENT PLAN

1. Purpose

The purpose of this Amended and Restated 2014 Inducement Plan (the "***Plan***") of Pacira BioSciences, Inc., a Delaware corporation (the "***Company***"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract persons who are expected to make important contributions to the Company, by providing such persons with equity ownership opportunities and performance-based incentives as an inducement material to such persons entering into employment with the Company and by providing such persons with a proprietary interest in the Company as an incentive for them to remain in such service, thereby aligning the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "***Company***" shall include any of the Company's parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "***Code***") at the time of grant and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "***Board***").

2. Eligibility

New employees of the Company who were not previously an employee or director of the Company are eligible to be granted Awards under the Plan. Each person who is granted an Award under the Plan is deemed a "***Participant***." "***Award***" means Options (as defined in Section 5), SARs (as defined in Section 6), Restricted Stock (as defined in Section 7), Restricted Stock Units (as defined in Section 7) and Other Stock-Based Awards (as defined in Section 8).

3. Administration

The Plan will be administered by the Compensation Committee of the Board (the "***Committee***"), which shall be composed of two or more directors, each of whom is (a) independent as defined by the rules of the Nasdaq Stock Market ("***Nasdaq***") and (b) a "non-employee director" within the meaning of Rule 16b-3(b)(3) promulgated under the Securities Exchange Act of 1934, as amended, or any successor definition adopted by the Securities and Exchange Commission. The Committee shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Committee may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient and it shall be the sole and final judge of such expediency. All decisions by the Committee shall be made in the Committee's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

4. Stock Available for Awards

(a) Authorized Number of Shares. Subject to adjustment under Section 9, Awards may be made under the Plan for up to 3,060,000 shares of common stock, $0.001 par value per share, of the Company (the "***Common Stock***"). Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) Share Counting. For purposes of counting the number of shares available for the grant of Awards under the Plan:

(1) all shares of Common Stock covered by SARs shall be counted against the number of shares available for the grant of Awards under the Plan; *provided, however*, that (i) SARs that may be settled only in cash shall not be so counted and (ii) if the Company grants an SAR in tandem with an Option for the same number of shares of Common Stock and provides that only one such Award may be exercised (a "***Tandem SAR***"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in connection with the other's exercise will not restore shares to the Plan;

(2) if any Award (i) expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued (including as a result of an SAR that was settleable either in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards; *provided, however*, that (1) in the case of the exercise of an SAR, the number of shares counted against the shares available under the Plan and against the sublimits listed in the first clause of this Section 4(b) shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number of shares actually used to settle such SAR upon exercise and (2) the shares covered by a Tandem SAR shall not again become available for grant upon the expiration or termination of such Tandem SAR; and

(3) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of an Award or (ii) satisfy tax withholding obligations (including shares retained from the Award creating the tax obligation) shall not be added back to the number of shares available for the future grant of Awards.

5. Stock Options

(a) General. The Committee may grant nonstatutory stock options to purchase Common Stock, which are not intended to qualify as "incentive stock options" as defined in Section 422 of the Code (each, an "***Option***") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(b) Exercise Price. The Committee shall establish the exercise price of each Option and specify the exercise price in the applicable Option agreement. The exercise price shall be not less than 100% of the fair market value per

share of Common Stock as determined by (or in a manner approved by) the Committee ("***Fair Market Value***") on the date the Option is granted; *provided* that if the Committee approves the grant of an Option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the Fair Market Value on such future date.

(c) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable option agreement; *provided, however*, that no Option will be granted with a term in excess of 10 years.

(d) Exercise of Options. Options may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the manner specified in Section 5(e)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise.

(e) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable Option agreement or approved by the Committee, in its sole discretion, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option agreement or approved by the Committee, in its sole discretion, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Committee in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Option agreement or approved by the Committee in its sole discretion, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of the Option being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the Fair Market Value on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option agreement or approved by the Committee, in its sole discretion, by payment of such other lawful consideration as the Committee may determine; or

(6) by any combination of the above permitted forms of payment.

(f) Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 9): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current Fair Market Value or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the Nasdaq.

6. Stock Appreciation Rights

(a) General. The Committee may grant Awards consisting of stock appreciation rights ("***SARs***") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such form to be determined by the Committee) determined by reference to appreciation, from and after the date of grant, in the Fair Market Value of a share of Common Stock over the measurement price established pursuant to Section 6(b). The date as of which such appreciation is determined shall be the exercise date.

(b) Measurement Price. The Committee shall establish the measurement price of each SAR and specify it in the applicable SAR agreement. The measurement price shall not be less than 100% of the Fair Market Value on the date the SAR is granted; *provided* that if the Committee approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Fair Market Value on such future date.

(c) Duration of SARs. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Committee may specify in the applicable SAR agreement; *provided, however*, that no SAR will be granted with a term in excess of 10 years.

(d) Exercise of SARs. SARs may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Committee.

(e) Repricing. Unless such action is approved by the Company's stockholders, the Committee may not (except as permitted under Section 9) (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share that is lower than the then-current measurement price per share of such outstanding SAR, (2) cancel any outstanding stock appreciation right (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan covering the same or a different number of shares of Common Stock and having a measurement price per share lower than the then-current exercise price per share of the canceled stock appreciation right, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the then-current Fair Market Value or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the Nasdaq.

7. Restricted Stock; Restricted Stock Units

(a) General. The Committee may grant Awards entitling recipients to acquire shares of Common Stock ("***Restricted Stock***"), subject to the right of the Company to repurchase all or part of such shares at their issue price

or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Committee in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Committee for such Award. The Committee may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("***Restricted Stock Units***") (Restricted Stock and Restricted Stock Units are each referred to herein as a "***Restricted Stock Award***").

(b) Terms and Conditions for All Restricted Stock Awards. The Committee shall determine the terms and conditions of a Restricted Stock Award, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(1) Dividends. Any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Restricted Stock ("***Accrued Dividends***") shall be paid to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each payment of Accrued Dividends will be made no later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the lapsing of the restrictions on transferability and the forfeitability provisions applicable to the underlying shares of Restricted Stock.

(2) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "***Designated Beneficiary***" means (i) the beneficiary designated, in a manner determined by the Committee, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an effective designation by a Participant, the Participant's estate.

(d) Additional Provisions Relating to Restricted Stock Units.

(1) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each Restricted Stock Unit, the Participant shall be entitled to receive from the Company one share of Common Stock or (if so provided in the applicable Award agreement) an amount of cash equal to the Fair Market Value of one share of Common Stock. The Committee may, in its discretion, provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant in a manner that complies with Section 409A of the Code.

(2) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units.

8. Other Stock-Based Awards

(a) General. Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be granted hereunder to Participants ("***Other Stock-Based-Awards***"). Such Other Stock-Based Awards shall also be available as

a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Committee shall determine.

(b) Terms and Conditions. Subject to the provisions of the Plan, the Committee shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price applicable thereto.

9. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules and sublimit set forth in Section 4(b), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share subject to each outstanding Restricted Stock Award and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding Other Stock-Based Award, shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Committee. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(1) Definition. A "***Reorganization Event***" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is canceled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock.

(A) In connection with a Reorganization Event, the Committee may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock on such terms as the Committee determines (except to the extent specifically provided otherwise in an applicable Award agreement or another agreement between the Company and the Participant): (i) provide that such Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that all of the Participant's unexercised Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization

Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "***Acquisition Price***"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise, measurement or purchase price of such Award and any applicable tax withholdings, in exchange for the termination of such Award, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 9(b)(2), the Committee shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

(B) Notwithstanding the terms of Section 9(b)(2)(A), in the case of outstanding Restricted Stock Units that are subject to Section 409A of the Code: (i) if the applicable Restricted Stock Unit agreement provides that the Restricted Stock Units shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the Reorganization Event constitutes such a "change in control event", then no assumption or substitution shall be permitted pursuant to Section 9(b)(2)(A)(i) and the Restricted Stock Units shall instead be settled in accordance with the terms of the applicable Restricted Stock Unit agreement; and (ii) the Committee may only undertake the actions set forth in clauses (iii), (iv) or (v) of Section 9(b)(2)(A) if the Reorganization Event constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and/or such action is permitted or required by Section 409A of the Code; if the Reorganization Event is not a "change in control event" as so defined or such action is not permitted or required by Section 409A of the Code, and the acquiring or succeeding corporation does not assume or substitute the Restricted Stock Units pursuant to clause (i) of Section 9(b)(2)(A), then the unvested Restricted Stock Units shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(C) For purposes of Section 9(b)(2)(A)(i), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the right to purchase or receive pursuant to the terms of such Award, for each share of Common Stock subject to the Award immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Committee determined to be equivalent in value (as of the date of such determination or another date specified by the Committee) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(3) Consequences of a Reorganization Event on Restricted Stock. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Committee determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the

same extent as they applied to such Restricted Stock; *provided*, *however*, that the Committee may provide for termination or deemed satisfaction of such repurchase or other rights under the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

10. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of Awards that are subject to Section 409A of the Code, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; *provided, however*, except with respect to Awards that are subject to Section 409A of the Code, that the Committee may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act of 1933, as amended, for the registration of the sale of the Common Stock subject to such Award to such proposed transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 10(a) shall be deemed to restrict a transfer to the Company.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Committee shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Committee Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Committee need not treat Participants uniformly.

(d) Termination of Status. The Committee shall determine the effect on an Award of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may decide to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or purchase price, unless the Company determines otherwise. If provided for in an

Award or approved by the Committee in its sole discretion, a Participant may satisfy such tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; *provided, however*, except as otherwise provided by the Committee, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares used to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(f) Amendment of Award. Except as set forth in Sections 5(f) and 6(e) with respect to repricings, the Committee may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, and changing the date of exercise or realization. The Participant's consent to such action shall be required unless (i) the Committee determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 9.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(h) Acceleration. The Committee may at any time provide that any Award shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

(i) Dividend Equivalents. An Award agreement may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("***Dividend Equivalents***"). Dividend Equivalents may be settled in cash, shares of Common Stock or other property, as determined in the discretion of the Committee. Dividend Equivalents may have such other terms and conditions as the Committee shall determine; provided, however, that no such Dividend Equivalents may be granted in tandem with, linked to, contingent upon or otherwise payable on the exercise of, any Option or SAR; and, provided further, that, if dividends are declared during the period that an Award is outstanding, such Dividend Equivalents shall be accumulated but remain subject to performance and/or vesting requirement(s) to the same extent as the applicable Award and shall be paid only at the time or times such performance and/or vesting requirement(s) are satisfied.

11. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the

right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Board (the "***Effective Date***"). No Awards shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board or the Committee may amend, suspend or terminate the Plan or any portion thereof at any time provided that no amendment that would require stockholder approval under the rules of the Nasdaq may be made effective unless and until the Company's stockholders approve such amendment. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 11(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board or the Committee determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan.

(e) Authorization of Sub-Plans (including for Grants to non-U.S. Employees). The Committee may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable securities, tax or other laws of various jurisdictions. The Committee shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Committee's discretion under the Plan as the Committee deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Committee shall deem necessary or desirable. All supplements adopted by the Committee shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Section 409A of the Code. Except as provided in individual Award agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A of the Code) (the "***New Payment Date***"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Committee's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

PORTIONS OF THIS EXHIBIT MARKED BY [**] HAVE BEEN OMITTED PURSUANT TO RULE 601(B)(10) OF REGULATION S-K. THE OMITTED INFORMATION IS (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

MANUFACTURING AND SUPPLY AGREEMENT

This **MANUFACTURING AND SUPPLY AGREEMENT** (this "Agreement"), dated as of April 4, 2014 (the "Effective Date"), is made by and between Pacira Pharmaceuticals, Inc., a California corporation having its principal place of business at 5 Sylvan Way, Parsippany, NJ 07054, United States ("Pacira"), and Patheon UK Limited, a company incorporated in England and Wales having its principal place of business at Kingfisher Drive, Covingham, Swindon, SN35BZ, United Kingdom ("Patheon"). Pacira and Patheon are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Pacira has a commercial interest in the manufacture, packaging and commercialization of a bupivacaine liposome injectable suspension delivered through Pacira's proprietary DepoFoam® technology and manufactured using the Pacira Manufacturing Process, which is presently sold in the United States by Pacira under the trademark EXPAREL® and may be sold in the future in and outside of the United States under the EXPAREL® trademark or any other trademarks, by Pacira or its licensees (the "Product");

WHEREAS, Patheon has expertise and experience in manufacturing and packaging pharmaceutical products and is interested in providing manufacturing services to Pacira in connection with the Product;

WHEREAS, in anticipation of this Agreement and the goods and services that Patheon will supply hereunder, the Parties are executing a strategic co-production agreement (the "Strategic Co-Production Agreement"), an agreement pursuant to which Patheon would undertake certain technical transfer and construction services in order to validate and scale up Pacira's technology package and prepare Patheon's facilities for the manufacture and packaging of the Product (the "Technical Transfer Agreement"); and a Confidentiality Agreement (defined below) for the purpose of protecting each Party's Proprietary Information; and

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants of the Parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I. DEFINITIONS

The following terms shall have the meanings set forth below. Unless the context indicates otherwise, the singular shall include the plural and the plural shall include the singular.

Any term not defined hereunder shall have the meaning ascribed to such term in the Technical Transfer Agreement.

1.1 "Additional Services" means any services requested and approved by Pacira that supplement Patheon's regular performance of the Services, as described in Schedule 2.1(a).

1.2 "Affiliate(s)" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For the purposes of this Section 1.2 only, a Person will be regarded as in control of another Person if such Person owns, or directly or indirectly controls, more than 50% of the voting securities (or comparable equity interests) or other ownership interests of the other Person, or if such Person directly or indirectly possesses the power to direct or cause the direction of the management or policies of the other Person, whether through the ownership of voting securities, by contract, or any other means whatsoever.

1.3 "Agreed Delivery Date" has the meaning set forth in Section 2.3(d).

1.4 "Agreement" has the meaning set forth in the Preamble hereto.

1.5 "API" means the active pharmaceutical ingredient bupivacaine.

1.6 "Applicable Law" means applicable United States and foreign federal, state, and local laws, orders, rules, regulations, guidelines, standards, customs and ordinances, including, without limitation, those (to the extent they are applicable) of the FDA and comparable foreign Regulatory Authorities, including the FDA Act.

1.7 "Base Fee" means the monthly fee paid by Pacira in consideration for the Services, as more specifically set forth in Schedule 2.1(a) of this Agreement. For the avoidance of doubt, Base Fees do not include Capital Expenditures (as defined in the Technical Transfer Agreement), Product Fees, Material Costs, or charges for Bill Back Items or Additional Services.

1.8 "Bill Back Items" means the items and services set forth in Schedule 2.1(a) that are used or necessary in connection with the Manufacture of the Products and which result in a nominal cost to Pacira.

1.9 "Certificate of Analysis" means a certificate evidencing the analytical tests conducted on a specific batch of Product or Material and setting forth, *inter alia*, the items tested, specifications, and test results.

1.10 "Certificate of Compliance" means a certificate stating that a specific batch of Product complies with the warranty set forth in Section 6.3.

1.11 "Claim" has the meaning set forth in Section 9.3(a).

1.12 "Confidentiality Agreement" has the meaning set forth in Section 7.1.

1.13 "Control" or "Controlled" means ownership or the right by a Party to assign or grant a license or sublicense under intellectual property rights to the other Party of the scope set forth herein, without breaching the terms of any agreement with a Third Party.

1.14 "Deficiency Notice" has the meaning set forth in Section 2.8(a).

1.15 "DepoFoam® Technology" is Pacira's proprietary, extended-release drug delivery technology, using a multivesicular liposomal platform that encapsulates drugs without altering their molecular structure and then releases them over a desired period.

1.16 "Discretionary Manufacturing Changes" has the meaning set forth in Section 2.9(c).

1.17 "Effective Date" has the meaning set forth in the Preamble hereto

1.18 "EMA" means the European Medicines Agency.

1.19 "Equipment" means any equipment used in the Manufacture of the Product.

1.20 "Existing Pacira Intellectual Property" has the meaning set forth in Section 5.1(a).

1.21 "Existing Patheon Intellectual Property" has the meaning set forth in Section 5.1(b).

1.22 "Expected Yield Rate" has the meaning set forth in Section 2.8(f).

1.23 "Expert" has the meaning set forth in Section 2.8.

1.24 "Exploit" means to make, have made, import, use, sell, offer for sale, or otherwise dispose of a product or process, including the research, development (including the conduct of clinical trials), registration, modification, enhancement, improvement, Manufacture, storage, formulation, optimization, export, transport, distribution, promotion, or marketing of a product or process.

1.25 "Facility" means the facility of Patheon located at Kingfisher Drive, Swindon, Wiltshire SN3 5BZ, United Kingdom, or such other facility approved in accordance with Section 3.3(a).

1.26 "FDA" means the United States Food and Drug Administration and any successor organization thereto and all agencies under its direct control.

1.27 "FDA Act" means the Federal Food, Drug, and Cosmetic Act, as amended.

1.28 "FDA Approval Date" means the date of receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product from Manufacturing Suite A-2.

1.29 "Field" means pharmaceutical products containing bupivacaine as the active pharmaceutical ingredient, and methods of making, delivering or using such pharmaceutical products.

1.30 "Filing Party" has the meaning set forth in Section 3.16(a).

1.31 "Final Filing" has the meaning set forth in Section 3.16(d).

1.32 "Forecast" has the meaning set forth in Section 2.3(a).

1.33 "GMP" means the current good manufacturing practices applicable from time to time to the Manufacturing of the Product, or any intermediate of the Product, pursuant to

Applicable Law, including those promulgated under the FDA Act at 21 C.F.R. (chapters 210 and 211), and those promulgated under EC Directive 2003/94/EC, together with the latest FDA and EMA guidance documents pertaining to manufacturing and quality control practice, all as updated, amended and revised from time to time.

1.34 "Indemnification Claim Notice" has the meaning set forth in Section 9.3(a).

1.35 "Indemnified Party" has the meaning set forth in Section 9.3(a).

1.36 "Indemnifying Party" has the meaning set forth in Section 9.3(a).

1.37 "Initial Draft" has the meaning set forth in Section 3.16(b).

1.38 "Initial Term" has the meaning set forth in Section 8.1.

1.39 "Loss" means any claims, lawsuits, losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements).

1.40 "Maintenance" means the maintenance of Equipment and Facilities in satisfactory operating condition, including the performance of systematic inspection and service of Equipment.

1.41 "Make Good Costs" has the meaning set forth in Section 8.3(d).

1.42 "Manufacture" and "Manufacturing Services" means the manufacturing, processing, formulating, filling, packaging, labeling, storage, handling, and quality control testing of Materials or of the Product as more particularly set out in Schedule 2.1(a).

1.43 "Manufacturing Expansion Area" means the area identified in the footprint set forth in Schedule 1.47.

1.44 "Manufacturing Services Termination Costs" has the meaning set forth in Section 8.3(f).

1.45 "Manufacturing Suite A-2" means the manufacturing suite at the Facility, whose footprint is set forth in Schedule 1.47, which footprint may be revised by the Parties during the Term of and pursuant to the Technical Transfer Agreement in order to adapt the Manufacturing Suite A-2 to Pacira's Manufacturing Process.

1.46 "Manufacturing Suite B-2" means the manufacturing suite at the Facility, whose footprint is set forth in Schedule 1.47, which footprint may be revised by the Parties during the Term of and pursuant to the Technical Transfer Agreement in order to adapt the Manufacturing Suite B-2 to Pacira's Manufacturing Process.

1.47 "Manufacturing Suites" means Manufacturing Suite A-2 and Manufacturing Suite B-2, together with the areas identified in the plan attached as Schedule 1.47 as the areas for the Filling and Support Operations and Secondary Operations, and the Manufacturing Expansion Area (if Pacira exercises its right to have Patheon complete such expansion pursuant to the terms of Section 2.11) as represented in the footprint attached as Schedule 1.47. The footprint of the Manufacturing Suites is diagrammatic in nature and is intended to generally depict the location and approximate size of current and future spaces allocated to Pacira. Such

footprint may be amended during the Term of and pursuant to the Technical Transfer Agreement to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, material, personnel, waste stream process flows, equipment sizing and utility requirements.

1.48 "Marketing Authorization" means an approved New Drug Application as defined in the FDA Act and the regulations promulgated thereunder, or any corresponding foreign application, registration, or certification, necessary or reasonably useful to market any Product in a country or regulatory jurisdiction other than the United States, including applicable pricing and reimbursement approvals, and all supplements and amendments thereto.

1.49 "Materials"

means all API, lipids, excipients and processing aids, and processing, filling and packaging components, used in connection with the Manufacture of the Product and listed in Schedule 1.49, as amended prior to Product launch, based on the Parties' most recent usage experience rate, and to reflect changes to the Specifications.

1.50 "NDA" means the new drug application for a product, including the Product, requesting permission to place a drug on the market in accordance with 21 C.F.R. Part 314, and all supplements filed pursuant to the requirements of the FDA, including all documents, data, and other information filed concerning such product that are necessary for FDA approval to market such product in the Territory.

1.51 "Non-Conforming Product" means (a) a batch of Product that fails, or is aborted during processing; or (b) a Product Manufactured by Patheon that fails to conform to the warranty set forth in Section 6.3.

1.52 "Non-Filing Party" has the meaning set forth in Section 3.16(a).

1.53 "Pacira" has the meaning set forth in the Preamble hereto.

1.54 "Pacira Annual Volume Forecast" has the meaning set forth in Section 2.3(d).

1.55 "Pacira Assignors" has the meaning set forth in Section 5.1(h).

1.56 "Pacira Indemnified Parties" has the meaning set forth in Section 9.2.

1.57 "Pacira Manufacturing Equipment" has the meaning set forth in Section 2.9(a).

1.58 "Pacira's Manufacturing Process" means Pacira's proprietary process for Manufacturing the Product, and each intermediate of the Product, using the DepoFoam® technology as approved by the FDA as of the Effective Date.

1.59 "Pacira's Manufacturing Process Improvements" has the meaning set forth in Section 5.1(e)(i).

1.60 "Pacira On Site Representative" has the meaning set forth in Section 3.4.

1.61 "Pacira Product Improvements" has the meaning set forth in Section 5.1(e)(i).

1.62 "Pacira Purchased Patheon Manufacturing Equipment" has the meaning set forth in Section 2.9(a)(ii).

1.63 "Pacira Specification Improvements" has the meaning set forth in Section 5.1(e)(i).

1.64 "Pacira-Supplied Materials" has the meaning set forth in Section 2.2(c).

1.65 "Party" and "Parties" have the meanings set forth in the Preamble hereto.

1.66 "Patheon" has the meaning set forth in the Preamble hereto.

1.67 "Patheon Assignors" has the meaning set forth in Section 5.1(g).

1.68 "Patheon Indemnified Parties" has the meaning set forth in Section 9.1.

1.69 "Patheon Independent Manufacturing Equipment Improvements" has the meaning set forth in Section 5.1(f)(i).

1.70 "Patheon Manufacturing Equipment" has the meaning set forth in Section 2.9(a)(ii).

1.71 "Patheon Nonconformance" has the meaning set forth in Section 2.8(c).

1.72 "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other similar entity or organization, including a government or political subdivision, department, or agency of a government.

1.73 "Product" has the meaning set forth in the Recitals hereto in finished, packaged form or finished, unpackaged form, according to the Specifications, as the same may be amended from time to time.

1.74 "Product Fee" has the meaning set forth in Section 2.4.

1.75 "Project Manager" and "Project Managers" have the meaning set forth in Section 3.4.

1.76 "Proprietary Information" has the meaning set forth in the Confidentiality Agreement.

1.77 "Purchase Order" means a written purchase order that sets forth (a) the quantities of each presentation of Product to be delivered by Patheon to Pacira, (b) the requested delivery dates therefor, and (c) the size of the vials, packaging and labeling to be used for such Product (or if no packaging or labeling is to be used).

1.78 "Quality Agreement" has the meaning set forth in Section 3.1.

1.79 "Regulatory Approval" means any and all approvals (including pricing and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority necessary to Exploit the Product in any country in the Territory, including any (a) approval of a Product, Marketing Authorization and supplements and amendments thereto; (b) pre- and post-

approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto); (c) labeling approval; and (d) technical, medical, and scientific licenses.

1.80 "Regulatory Authority" means any applicable supra-national, federal, national, regional, state, provincial, or local regulatory agencies, departments, bureaus, commissions, councils, or other government entities regulating or otherwise exercising authority with respect to the Exploitation of a Product in the Territory.

1.81 "Regulatory Filings" has the meaning set forth in Section 3.16.

1.82 "Regulatory Obligations" has the meaning set forth in Section 3.16.

1.83 "Remediation Period" has the meaning set forth in Section 8.2(a)(iii).

1.84 "Reports" has the meaning set forth in Section 3.12.

1.85 "Required Manufacturing Changes" has the meaning set forth in Section 2.9(b).

1.86 "Safety Stock" has the meaning set forth in Section 2.7(b).

1.87 "Scheduled Production Date" has the meaning set forth in Section 2.3(d).

1.88 "Services" means the (a) Manufacturing Services performed by Patheon under this Agreement and (b) the Transfer Services performed by Patheon pursuant to the Technical Transfer Agreement.

1.89 "Shipment Costs" has the meaning set forth in Section 2.8(c).

1.90 "Specifications" means the specifications for each presentation of Product (*i.e.*, the dosage forms in Schedule 1.82) given by Pacira to Patheon relating to the specifications of the Materials; the manufacturing specifications, directions and processes; the storage requirements; all environmental, health and safety information for the Product including material safety data sheets and the finished Product specifications, packaging specifications and shipping requirements for the Product, as amended, modified, or supplemented from time to time in accordance with the specifications set forth in the applicable NDA for the Product.

1.91 "Steering Committee" has the meaning set forth in the Strategic Co-Production Agreement.

1.92 "Strategic Co-Production Agreement" has the meaning set forth in the Recitals.

1.93 "Supplies" means various consumables / disposables used in small quantities for gowning, cleaning of Equipment and Manufacturing Suites, and in quality control testing of Materials and Product.

1.94 "Technical Transfer Agreement" means the Technical Transfer and Service Agreement executed by the Parties on the date hereof.

1.95 "Term" has the meaning set forth in Section 8.1.

1.96 "Territory" means [**].

1.97 "Third Party" means a Person who is neither a Party nor an Affiliate of a Party.

1.98 "Transfer Services" has the meaning set forth in Section 1.71 of the Technical Transfer Agreement.

1.99 "Yield" has the meaning set forth in Section 2.8(f).

ARTICLE II. MANUFACTURING SERVICES

2.1 Supply Obligations.

(a) Subject to the terms and conditions hereof and in consideration for the payments set forth in Schedule 2.1(a), Patheon shall provide the Manufacturing Services and shall supply the Product [**] to Pacira. Following the FDA Approval Date, Pacira agrees to purchase from Patheon such quantities of Product as Pacira may order, in its discretion, in accordance with the terms hereof from time to time during the Term.

(b) During the Term, in the event that Pacira outsources the Manufacture of the Product to any Person other than to Patheon (other than in the event that Pacira's volume requirements for Product exceed the Pacira Annual Volume Forecast), the Product Fees set forth in Schedule 2.1(a) shall be replaced by the volume-based Product Fees set forth on Schedule 2.1(b). For the avoidance of doubt, "outsource" under this Section 2.1(b) shall not include Pacira's Manufacture of the Product at any Pacira-operated facility providing that Pacira has given and continues to give to Patheon the opportunity to Manufacture the [**] or [**] of the actual market demand for the Product in the Territory (if lower).

(c) If Patheon's supply of the Product in any Year exceeds [**], Patheon shall provide Pacira with a [**] discount on the Manufacturing Suite A-2 Labelled and Secondary Packaged Product Fees for each incremental vial supplied to Pacira above such [**] threshold in said Year. For the purposes of this Section 2.1(c), "Year" shall mean each 12 calendar month period starting the first day of the month following FDA Approval Date. Should the capacity of Manufacturing Suite B-2 exceed [**], Patheon will review prices with the aim of offering to Pacira a discount on Product Fees for those Labelled and Secondary Packaged Products manufactured in Manufacturing Suite B-2 in excess of [**].

(d) Pursuant to the Technical Transfer Agreement, Pacira will develop and Patheon will confirm Pacira's Manufacturing Process. Pacira's Manufacturing Process is Proprietary Information of Pacira, subject to the terms of the Confidentiality Agreement.

(e) Patheon shall Manufacture all Products delivered hereunder (i) in accordance with the Marketing Authorization, the Specifications, this Agreement, the Quality Agreement, and (ii) in compliance with Applicable Law.

(f) Patheon covenants and agrees that neither it nor any of its Affiliates shall directly or indirectly, during and after the Term, (i) grant to any other Person the right to access or Exploit the DepoFoam® Technology, or to Manufacture or sell the Product, on their own behalf or on behalf of anyone other than Pacira; or (ii) [**].

(g) Patheon shall ensure that sufficient numbers of adequately educated and experienced staff are retained at the Manufacturing Site in order to Manufacture evenly throughout the year the volumes of Product set out in Schedule 2.3(d). Patheon shall perform all

activities necessary to maintain a GMP compliant status of the manufacturing lines and areas of the Facility applicable to the manufacture of EXPAREL®.

2.2 Materials, Bill Back Items and Additional Services.

(a) All Materials necessary for the Manufacture of the Product are set forth in Schedule 1.49. Unless the Parties mutually agree otherwise, all Materials will be purchased by Pacira and shipped to Patheon in accordance with Section 2.2(c) below. If the Parties agree that Patheon is to source all or any of the Materials, such Materials will be invoiced to Pacira monthly at the time of purchase by Patheon, at cost, in accordance with the invoicing procedure set forth in ARTICLE IV ("Material Costs"). Patheon shall store, handle, and protect the Materials with a reasonable level of care, which shall include taking all reasonable precautions to ensure that the Materials are not subject to contamination, deterioration, destruction, or theft. Patheon shall keep adequate records of its usage of the Materials during the Term.

(b) Pacira acknowledges that Patheon is required under GMP to follow certain verification and approval processes for all vendors used by Patheon in the procurement of Materials. Pacira may provide Patheon with a copy of the results of any third-party or Pacira-conducted audit which verifies and approves a vendor under GMP and if acceptable under GMP Patheon shall accept such audit results as proof of such vendor's verification. In the event that Pacira requests Patheon to procure Materials from a vendor that is not currently verified by Patheon, Pacira or a third-party under GMP, Pacira will be liable to Patheon for any reasonable auditing and verification costs incurred by Patheon under this Section 2.2(b) as an Additional Service.

(c) In the event Pacira provides Patheon with Materials as set forth in Section 2.2(a) ("Pacira-Supplied Materials"), Pacira will at its sole cost and expense, deliver Pacira-Supplied Materials to the Facility DDP (Incoterms 2010) at no cost to Patheon (with any VAT paid by Pacira) at least [**] before the Scheduled Production Date, in sufficient quantities for Patheon to Manufacture the desired quantities of Product and to ship Product by the Agreed Delivery Date. If the Pacira-Supplied Materials are not received [**] before the Scheduled Production Date, Patheon may delay the shipment of Product for a period of time proportionate to such delay. All shipments of Pacira-Supplied Materials, if required, will be accompanied by Certificate(s) of Analysis from the Material manufacturer or Pacira, confirming its compliance with the Material's specifications. Pacira will obtain the proper release of the Pacira-Supplied Materials from the applicable customs agency and/or Regulatory Authority. Pacira or Pacira's designated broker will be the "Importer of Record" for Pacira-Supplied Materials imported to the Facility. Pacira-Supplied Materials will be held by Patheon on behalf of Pacira as set forth in this Agreement. Title to Pacira-Supplied Materials will at all times remain the property of Pacira or a Pacira Affiliate. Any Pacira-Supplied Materials received by Patheon will only be used by Patheon to perform the Manufacturing Services.

(d) In the event Patheon purchases Materials as set forth in Section 2.2(a), Pacira and Patheon will agree upon a minimum inventory level of Materials required to support the Manufacture of the Product based on the last Forecast received by Patheon from Pacira.

Patheon will keep on hand all Materials necessary to support the Manufacture of the Product based on such agreed-upon minimum inventory levels.

(e) Patheon will provide sufficient storage capacity to support storage of the required quantity of Materials pursuant to Section 2.2 of this Agreement and Product (not including Safety Stock) for [**] post Manufacture [**]. Any additional storage, or storage of Product beyond the [**] stated herein, will be subject to the mutual agreement of the Parties to include the fees relating thereto. [**] will be liable for all risk or loss of damage to stored Materials or Product limited to and in so far as [**] has insurance for the same in accordance with the following provision. At all times during the Term, [**] will maintain commercial insurance coverage at least as comprehensive as the coverage levels set forth on Schedule 2.2(e). Should an event arise leading to loss or damage of stored Materials or Product, any insurance proceeds received by [**] will first be paid to [**] for any loss or damage it has suffered, and thereafter to [**] in conjunction with other Persons pro-rated as necessary in the event the insurance proceeds are insufficient to cover all loss or damage. Pacira's cost price for the Materials as at the Effective Date is as set out in Schedule 1.49.

(f) Patheon shall invoice Pacira monthly for any Bill Back Items used in connection with the Manufacture of the Products during the preceding month in accordance with ARTICLE IV. Patheon may only invoice Bill Back Items that have been quoted to and approved in writing by Pacira's Project Manager, or otherwise mutually agreed to by the Parties in advance.

(g) If Pacira is interested in having Patheon perform Additional Services, Pacira will provide Patheon with a written request containing sufficient detail to enable Patheon to provide Pacira with a quote and proposal to provide such Additional Services. Patheon may only invoice for Additional Services that have been quoted to and approved in writing by Pacira's Project Manager. Where a rate for Additional Services has been specified in Schedule 2.1 (a), such rates are calculated as at [**]. These fees will be adjusted on [**] to reflect any increase in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the previous 12 months. Patheon shall invoice Pacira monthly for any Additional Services performed by Patheon during the preceding month in accordance with ARTICLE IV.

(h) If Pacira decides to have Patheon perform Manufacturing Services for the Product for a Territory outside the United States, then Pacira will inform Patheon of the additional requirements for each new country and Patheon will prepare a quotation for consideration by Pacira of any additional costs for the Product destined for each new country. The agreed additional requirements and change over fees will be set out in a written amendment to this Agreement.

(i) Except as stated in this Agreement, or specified otherwise under the Technical Transfer Agreement and under Schedule 2.1(a), Patheon shall be solely responsible for all costs and expenses incurred in connection with the Manufacture of the Product hereunder.

2.3 Forecasting, Order, and Delivery of Products.

(a) No later than [**] prior to the anticipated FDA Approval Date and thereafter at least [**] prior to the first day of each calendar month during the Term, Pacira shall deliver to Patheon a written good faith [**] forecast, calculated monthly, estimating the quantities of each presentation of Product that Pacira expects to purchase from Patheon during such period (each, a "Forecast"). Pacira shall update the Forecast prior to the next monthly deadline if it determines that the volumes estimated in the most recent Forecast have changed by more than [**]. Except as set forth in Section 2.3(c) below, each Forecast shall be non-binding and shall be used by Patheon for planning purposes only.

(b) On or before the first day of May of each year of this Agreement, Pacira will give Patheon a written non-binding [**] forecast for strategic purposes, broken down by quarters for the second year of the forecast, of the volume of Product Pacira then anticipates to purchase from Patheon during such period.

(c) The [**] of each Forecast shall be considered binding firm orders. Pacira will issue Purchase Order(s) to purchase and for Patheon to Manufacture and deliver the agreed quantity of the Product for each such [**] period, provided that the delivery lead time must be at least [**] from the date of Patheon's acceptance of the Purchase Order pursuant to clause (d) below.

(d) Patheon shall accept all Purchase Orders for Product that are issued consistent with the [**] of the Forecast and the terms of this Agreement. Patheon can reject such Purchase Orders only to the extent the aggregate delivery volume for a month under all Purchase Orders (a) includes Product volumes which, in aggregate for the month of delivery, are equal to or greater than [**] set forth in Schedule 2.3(d) hereto (the "Pacira Annual Volume Forecast"), (b) exceed the maximum capacity of the Manufacturing Suites or Patheon's stock of Materials. Subject to this Section 2.3(d), Patheon shall, within [**] after Patheon receives any Purchase Order submitted in accordance with this Section 2.3(d), accept in writing such Purchase Order confirming the scheduled date of production for such Products ("Scheduled Production Date") for the sole purposes of Section 2.2(c) and the delivery date for the Product ("Agreed Delivery Date").

(e) With respect to any amount ordered for delivery in a month that is in excess of [**], Patheon shall use commercially reasonable efforts to supply such amounts, and inform Pacira, at the time of receipt of the Purchase Order, of the amount that Patheon is in a position to supply. Subject to the preceding sentence, Pacira shall be obligated to purchase, and Patheon shall be obligated to deliver by the Agreed Delivery Date, such quantities of each presentation of Product as set forth in each Purchase Order accepted by Patheon pursuant to Section 2.3(d).

(f) Patheon shall deliver Product to Pacira [**] the Facility (as defined in Incoterms 2010) by the Agreed Delivery Date. All Product shall be packed for shipping in accordance with the Specifications. Title and risk of loss to Product shall pass to Pacira (or a designated Pacira Affiliate) at the time of delivery to Pacira (or the applicable Pacira Affiliate) at the Facility. Each delivery of Product shall be accompanied by a Certificate of Analysis and a

Certificate of Compliance and such other documents as may be required pursuant to the Quality Agreement. The costs of all freight, insurance, handling fees, taxes, and other costs associated with the shipment of Product, as well as export licenses, import license, and customs formalities for the import and export of goods will be borne by Pacira. Patheon shall make all deliveries of Product hereunder utilizing stock rotation (including, as necessary, the Safety Stock) based on expiration dating, with Product expiring earliest delivered first. The Parties hereby incorporate by reference the distribution procedures of 21 C.F.R. § 211.150.

(g) If Pacira requests changes to any Purchase Order after receipt thereof by Patheon, Patheon shall use commercially reasonable efforts to comply with such changes.

2.4 Product Fees. The purchase price for all Products Manufactured hereunder (the "Product Fee") shall be as set forth on Schedule 2.1(a). Patheon shall invoice Pacira no more frequently than four (4) times per calendar month for the Product Fees for all quantities of Product Manufactured and ready for collection by Pacira not previously invoiced in accordance with Purchase Orders. All Product Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV.

2.5 Base Fees. Patheon will invoice Pacira monthly in advance for the Base Fee set forth Schedule 2.1(a). All Base Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV.

2.6 Product Fee Adjustment. The Parties shall use commercially reasonable efforts to reduce, through operating efficiencies, the cost of Manufacture of the Products during the Term, and the benefits of such reduction in costs shall be shared equally by the Parties. Starting on the [**], the Product Fee shall be adjusted annually to reflect upwards or downwards, any increase or decrease in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the preceding twelve (12) months. Schedule 2.1(a) shall be deemed amended pursuant to the terms hereof.

2.7 Safety Stock; Failure or Inability to Supply Product.

(a) Patheon shall ensure that Product is Manufactured and delivered to Pacira on a timely basis consistent with the terms of this Agreement (including the Forecast and Purchase Order procedures set forth in Section 2.3). In the event that Patheon, at any time during the Term, shall have reason to believe that it will be unable to supply Pacira with the full quantity of Product forecasted to be ordered or actually ordered by Pacira in a timely manner and in conformity with the warranty set forth in Section 6.3 (whether by reason of force majeure or otherwise), Patheon shall notify Pacira thereof within [**] business days. Promptly thereafter, the Parties shall meet to discuss how Pacira shall obtain such full quantity of conforming Product. Compliance by Patheon with this Section 2.7(a) shall not relieve Patheon of any other obligation or liability under this Agreement, including any obligation or liability under clauses (b) or (c) below. If Patheon's inability is partial, Patheon shall fulfill Purchase Orders with such quantities of Product as are available. In the event Patheon's inability to meet Purchase Orders or forecasts is due to a shortage of production capacity in the Manufacturing Suites, Patheon shall in addition to the foregoing requirements, promptly notify Pacira of such shortage of production capacity and the estimated date such shortage of production capacity is to end.

(b) Patheon shall establish a safety stock of Product at the Facility in an amount mutually agreed to by the Parties on a quarterly basis during the Term beginning on the FDA Approval Date (the "Safety Stock"). Patheon acknowledges that the purpose of the Safety Stock is to mitigate the risk to Pacira in the event of Patheon's inability to supply Product on a timely basis. Pacira shall pay a deposit (the "Deposit") equal to [**] of the Product Fees for all Product comprising the Safety Stock.

(c) If Patheon fails to Manufacture the full quantity of Product specified in a Purchase Order by the Agreed Delivery Date and in conformity with the warranty set forth in Section 6.3 (and such failure is directly due to the acts or omissions of Patheon where such acts or omission does not constitute a force majeure event pursuant to the terms of Section 10.2), and Patheon is unable to cure such failure within [**], in full and final settlement of such failure, Pacira, at its option, may (i) cancel the unfulfilled portion of such Purchase Order, in which event Pacira shall have no liability with respect to the portion of such Purchase Order so cancelled, or (ii) accept late delivery of all or any portion of the Product specified in such Purchase Order, in which event the Product Fee otherwise payable by Pacira with respect to all Product delivered late but accepted by Pacira under such Purchase Order shall be reduced by [**] per day for each day of delay after such Agreed Delivery Date, but not to exceed in aggregate an amount equal to [**] of the Product Fees of the Product delivered late (i.e., [**] or [**] per Purchase Order, whichever is lower.

2.8 Non-Conforming Product.

(a) In the event Patheon discovers a potential Non-Conforming Product prior to delivery of such Product to Pacira, Patheon shall provide written notice to Pacira as soon as practicable describing in detail the Non-Conforming Product and the potential cause of such Non-Conforming Product. Pacira (or its shipping carrier) will perform a customary inspection of the Products Manufactured by Patheon on receipt. For the avoidance of doubt, such inspection will be limited to a visual inspection of the shipment-ready packaged Products (and associated shipping documentation) and Pacira will not be obligated to perform any testing of the Product. Pacira shall within [**] after delivery thereof by Patheon (or within [**] after Pacira discovers or is informed of a discovery of nonconformity that could not reasonably have been detected by the customary inspection on delivery but not after the expiration date of the Product), give Patheon notice of any Non-Conforming Product (including a sample of such Non-Conforming Product, if applicable) (a "Deficiency Notice"). Should Pacira fail to give Patheon the Deficiency Notice within the applicable [**] period, then the delivery will be deemed to have been accepted by Pacira on the [**] after delivery or discovery, as applicable. Patheon will have no liability whether pursuant to this Section 2.8, Section 3.11 or Section 3.13 or otherwise for any Nonconforming Product for which it has not received a Deficiency Notice within such applicable [**] period.

(b) Patheon shall conduct a root-cause analysis to verify whether a Product constitutes a Non-Conforming Product and, if found, to determine the cause of such Non-Conforming Product (including by undertaking an appropriate evaluation of a Non-Conforming Product sample, as applicable). Pacira shall provide reasonable cooperation to Patheon in connection with any such root-cause analysis. Patheon shall notify Pacira in writing of its

determination regarding whether the Product constitutes a Non-Conforming Product within thirty (30) days after either discovery of the Non-Conforming Product or receipt of such Deficiency Notice from Pacira, as applicable. Such notification shall include Patheon's good faith determination of the cause of the Non-Conforming Product.

(c) "Patheon Nonconformance" shall mean (i) Patheon's deviation from the [**], (ii) Patheon's failure to perform [**], or (iii) Patheon's failure to provide the Manufacturing Services in accordance with the [**]. In the event of a Non-Conforming Product caused by a Patheon Nonconformance, Patheon, at Pacira's option, promptly shall (x) supply Pacira with a conforming quantity of Product at Pacira's expense (subject to Patheon reimbursing Pacira any Product Fees paid for the Non-Conforming Product and any shipment costs incurred by Pacira in the event that the Product was shipped from the Facility at the time of the discovery of the Patheon Nonconformance ("Shipment Costs")); or (y) reimburse Pacira for the Product Fee and Shipment Costs with respect to such Non-Conforming Product (in each case, to the extent applicable and/or already paid by Pacira). For the avoidance of doubt, Pacira will not be liable for Product Fees for Non-Conforming Product caused by a Patheon Nonconformance.

(d) If the Non-Conforming Product was caused by any reason other than a Patheon Nonconformance or the cause of such non-conformance is not identifiable, Pacira shall be liable for all expected Product Fees for such Non-Conforming Product, to the extent not already paid, as measured using the then-current Expected Yield Rate.

(e) If, following the root-cause analysis described in Section 2.8(b), Patheon notifies Pacira that it does not believe the Product is a Non-Conforming Product, or if the Parties disagree as to the cause of a Non-Conforming Product, the Parties shall first submit such dispute to the Project Managers for prompt resolution. If the Project Managers cannot resolve the dispute, the Parties shall submit the dispute to an independent expert or (if mutually agreed to by the Parties) a testing lab designated by Pacira (a "Expert") for evaluation, provided that Patheon shall be entitled to observe and obtain copies of all results of such evaluation. The Expert shall determine (i) whether the Product is a Non-Conforming Product and (ii) the cause of the Non-Conforming Product. Both Parties shall cooperate with the Expert's reasonable requests for assistance in connection with its evaluation hereunder. The findings of the Expert shall be binding on the Parties, absent fraud or manifest error. The expenses of the Expert shall be borne (x) by Patheon if the testing confirms the Non-Conforming Product and the cause is found to be a Patheon Nonconformance; (y) by Pacira if the testing confirms the Non-Conforming Product and the cause is found not to be a Patheon Nonconformance or the cause of such non-conformance is not identifiable; (z) by the Party stating the Product was Non-Conforming in the event the testing concludes that the Product meets the warranty set forth in Section 6.3. Costs of dealing with Product Complaints and Inquiries will be dealt with in accordance with Section 3.11. Costs of recalls will be dealt with in accordance with Section 3.13. Patheon shall have no liability for any Non-conforming Product unless such Non-conforming Product is identified as being due to a Patheon Nonconformance.

(f) During its performance of the Manufacturing Services, Patheon is expected to produce a certain percentage of saleable batches of Product (the "Yield"). For the avoidance of doubt, Nonconforming Product arising from anything other than a Patheon

Nonconformance is treated as good and saleable Product for the purposes of this Section 2.8(f). The Parties shall calculate the expected Yield every [**] in accordance with Schedule 2.8(f) (the "Expected Yield Rate"). In the event the actual Yield in any [**] period is lower than the then-current Expected Yield Rate for such [**] period, Patheon will reimburse Pacira for excess Materials used by Patheon as a result of Patheon's failure to meet the Expected Yield Rate in such batches (*i.e.*, a pro-rated refund of Material Costs (if any) paid by Pacira and/or reimbursement to Pacira for the cost of any Pacira-Supplied Materials incurred by Pacira).

2.9 Equipment and Amendment of Product Specifications, Manufacturing Process, Equipment and Formulation.

(a) Equipment.

(i) "Pacira Manufacturing Equipment" shall mean process equipment necessary to Manufacture the bulk EXPAREL® and shall consist of process skids, Temperature Control Unit (TCU) skids, CIP skids, COP parts washer, TFF IPA COP system, product and pooling vessels and automation hardware/software to run the process skids.

(ii) "Patheon Manufacturing Equipment" shall mean any equipment, other than the Pacira Manufacturing Equipment, necessary to Manufacture the Product, including filling, packaging, testing, clean and dirty utilities, waste handling systems and all building infrastructure and any and all improvements or additions made thereto. Additions or improvements to Patheon Manufacturing Equipment paid for by Pacira pursuant to the Technical Transfer Agreement to the extent such Equipment is reasonably capable of separation, and can practically and sensibly be separated, from the Facility or other equipment at the Facility at the date of termination of this Agreement ("Pacira Purchased Patheon Manufacturing Equipment") shall belong to Pacira. All other Patheon Manufacturing Equipment shall belong to Patheon.

(iii) Title to all Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment will be held by Pacira or a Pacira Affiliate. Title to all Patheon Manufacturing Equipment except Pacira Purchased Patheon Manufacturing Equipment will be held by Patheon.

(iv) Patheon is authorized to use the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment solely for the purposes of performing the Manufacturing Services for Pacira.

(v) During the Term, Pacira shall be responsible for additions and replacement cost of any Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment. Once the initial additions/upgrades to the Patheon Manufacturing Equipment have been paid by Pacira, Patheon shall be responsible for any other additions and replacement cost of any Patheon Manufacturing Equipment.

(vi) As of the Effective Date, the Patheon Manufacturing Equipment includes a [**] filling line. The [**] filling line shall be used [**] to Manufacture the Product during the Term commencing on the date of commercial Manufacture. Prior to first fill on the [**] pursuant hereto and thereafter, Patheon shall have in place a risk mitigation plan in the event that the [**] is not operational or sufficient to fulfill those Pacira's Purchase Orders which Patheon is obliged to accept pursuant to Section 2.3(d). Prior to first fill on the [**] pursuant hereto, Patheon shall provide a copy of such risk management plans to Pacira for Pacira's review and approval (which shall not be unreasonably withheld).

(vii) During the Term, Patheon shall, at its sole cost and expense, subject to this subsection (vii), provide all Maintenance for the Equipment and Facilities. Notwithstanding the foregoing, with respect to the Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment, Maintenance does not include the cost of spare parts, Equipment breakdowns caused by any reason outside of Patheon's reasonable control, or specialized maintenance services not within Patheon's technical expertise or that requires specialist equipment, in each case where Patheon is required to utilize a third-party contractor. Patheon's costs associated with such spare parts and third-party contractors will be reimbursed by Pacira as a Bill Back Item. Patheon shall not be liable for ordinary wear and tear of the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment; Patheon shall only be liable for the repair or replacement of any damage caused to such Equipment where such damage arises due to its negligence or willful misconduct. Throughout the Term of this Agreement, Patheon shall maintain casualty insurance on Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment in the amount equal to at least the depreciated value of such Equipment.

(b) For changes to the Specifications, Quality Agreement, Pacira's Manufacturing Process, the Equipment, the Services to be provided pursuant hereto or the formulation of the Product that are required by Applicable Law (collectively, "Required Manufacturing Changes"), Patheon and Pacira shall cooperate to promptly make such changes within the required timeline.

(c) For changes to the Specifications, Quality Agreement, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product that are not Required Manufacturing Changes (collectively, "Discretionary Manufacturing Changes"), Patheon and Pacira must each agree to any Discretionary Manufacturing Changes and shall cooperate in making such changes, and each agrees that it shall not unreasonably withhold or delay its consent to such Discretionary Manufacturing Changes.

(d) Notwithstanding the foregoing, all internal and external costs, including, without limitation, costs of obsolete Materials, work-in-process and Product (i) associated with Required Manufacturing Changes shall be borne by Pacira, and (ii) all such costs associated with Discretionary Manufacturing Changes shall be agreed between the Parties; provided that, in each

case, all such costs shall be commensurate with costs common in the industry for the types of changes being made.

(e) In the event that Pacira changes the Specifications, Quality Agreement, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product, or consents to any change by Patheon, Patheon shall provide to Pacira at Pacira's cost as an Additional Service any such documentation or other information with respect thereto as they relate to the Manufacturing Services as Pacira may reasonably request in order to obtain or maintain any Regulatory Approval or comply with GMP or other Applicable Law.

2.10 Usage of Manufacturing Suites. Patheon agrees that, starting on the date of receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product at Manufacturing Suite B-2, Patheon shall use Manufacturing Suite B-2 until full capacity and in priority over Manufacturing Suite A-2, and shall only use Manufacturing Suite A-2 if necessary to supply the Products ordered by Pacira hereunder. Full capacity for Manufacturing Suite B-2 will be agreed by the Parties following completion of the Technical Transfer Agreement, and shall be ratified by the Steering Committee.

2.11 [**]. From the Effective Date until [**], Patheon shall not [**] or any other [**] to any Person other Pacira without first notifying Pacira in writing of its intent to [**] and offering Pacira a reasonable good faith offer to use such [**] to Manufacture the Product.

ARTICLE III. REGULATORY, ACCESS, AND OTHER MATTERS

3.1 Quality Agreement. Prior to the FDA Approval Date, the Parties shall enter into a mutually agreed upon quality agreement ("Quality Agreement").

3.2 Release. All Product shall be released in accordance with the terms of the Quality Agreement.

3.3 Maintenance of Facility.

(a) Patheon shall Manufacture the Product [**] at the Facility, unless Pacira has granted prior written consent to Manufacture the Product at any other facility, such consent to be granted by Pacira in its sole discretion.

(b) Subject to Section 2.9(b)-(d), Patheon shall ensure that any and all necessary licenses, registrations, and Regulatory Authority approvals have been obtained in connection with the Facility and Equipment used in connection with the Manufacture of the Product by Patheon.

(c) Subject to Section 2.9, Patheon shall maintain the Facility and Equipment in a state of repair and operating efficiency consistent with the requirements of the Specifications, the Regulatory Approvals, Pacira's Manufacturing Process, GMP, and all other Applicable Law. Prior to each use of Equipment in Manufacturing the Product, Patheon shall ensure that such Equipment is cleaned, sterilized and consistent with any procedures reasonably established by Pacira and notified to Patheon, the Specifications, the Regulatory Approvals, Pacira's Manufacturing Process, GMP, and all other Applicable Law. Without limitation of the

foregoing, Patheon agrees to implement, in connection with the Manufacture of the Product, quality assurance and quality control procedures, including validation protocols, process change procedures, and methods of statistical analysis that are reasonably satisfactory to Pacira.

(d) Patheon shall maintain in the Facility an adequate GMP and temperature controlled area for the Product, all intermediates thereof, and Materials used in Manufacturing the Product in accordance with the Specifications, the Regulatory Approvals, Pacira's Manufacturing Process, any risk mitigation plan, the Quality Agreement, GMP, and all Applicable Law. All Product, intermediates and Materials (as applicable) shall be held by Patheon in a GMP and temperature controlled area (on a separate pallet and SAP reference from other products) until delivery to Pacira.

(e) Patheon shall only use qualified disposal services or sites that have appropriate environmental and operating permits and are in compliance with the Quality Agreement and Applicable Law.

3.4 Pacira On Site Representatives; Project Managers. For so long as Patheon is obligated to Manufacture and supply the Products for Pacira, Pacira shall have the right at all times throughout the Term to have [**] representatives present (or other number as mutually agreed to by the Parties) (each, a "Pacira On Site Representative") in that portion of Patheon's Manufacturing facilities that is being used to Manufacture the Product or store Materials to observe the procedures and processes used to Manufacture the Product. Subject to the following sentence, such representatives shall have full access to the Manufacturing Suites and to all non-financial records that relate to the Product, the Materials and Bill Back Items. Patheon shall provide reasonable (semi-permanent) on-site accommodations at the Facility for the Pacira On Site Representatives (*e.g.*, office space). For the avoidance of doubt, the term "non-financial records" as used in this Agreement does not include the Reports (defined in Section 3.12 below). Pacira On Site Representatives shall observe at all times Patheon's policies and procedures (as amended from time-to-time) as they pertain to the Facility, including policies relating to health and safety and compliance with GMP, and comply with all reasonable directions of Patheon in relation to the same; provided that Pacira is given notice of such policies and given a reasonable period of time to review and implement such policies. Patheon may refuse or limit in its sole discretion at any time admission to the Facility by any Pacira On Site Representative who fails to observe such policies or comply with such reasonable directions. For the avoidance of doubt, Pacira On Site Representatives shall have (i) no management authority over any Patheon employee and (ii) no authority to conclude contracts on behalf of Pacira. Patheon and Pacira will each appoint a project manager (each, a "Project Manager" and, together, the "Project Managers"), who will meet as needed to resolve any issues or problems arising in the performance of this Agreement. Pacira may request from Patheon a change of Project Manager, which such request shall be referred to the Steering Committee. Pacira's Project Manager may be one of the Pacira On Site Representatives.

3.5 Notification of Regulatory Inspections. Patheon shall notify Pacira by telephone within one (1) business day, and in writing within two (2) business days, after learning of any proposed or unannounced visit or inspection of any part of the Facility which concerns the Manufacture of the Product by any Regulatory Authority, including the Occupational Safety

and Health Administration or any equivalent governmental agencies of the country of Manufacture, and shall permit Pacira or its agents to be present at the Facility to support Patheon during such visit or inspection if it impacts the Product. Patheon shall provide to Pacira in so far as it affects the Product or the Manufacturing Suites either a copy of or a summary of any report and other written communications received from such Regulatory Authority in connection with any visit or inspection, including the Form 483 observations and responses or any equivalent form under Applicable Law. Such copy or summary shall be provided to Pacira within three (3) business days of Patheon's receipt thereof (and may be redacted as Patheon acting reasonably deems necessary to protect the confidentiality of matters not affecting the Product or which are confidential to Patheon or to other clients of Patheon). Pacira shall have the right to review and comment on any communications with such Regulatory Authority pertaining to such inspection as set forth in Section 3.16.

3.6 Manufacturing Records. Patheon shall maintain, or cause to be maintained, (a) all records necessary to comply with GMP and all other Applicable Law relating to the Manufacture of Product, (b) all Manufacturing records, standard operating procedures, equipment log books, batch records, laboratory notebooks, and all raw data relating to the Manufacturing of the Product, and (c) such other records as Pacira may reasonably require in order to ensure compliance by Patheon with the terms of this Agreement. The template, form and style of all records referred to herein are the exclusive property of Patheon; Pacira Proprietary Information and all Product-specific related information contained in these records shall be deemed Proprietary Information of Pacira and be retained for such period as may be required by GMP and all other Applicable Law or for such longer period as Pacira may reasonably require.

3.7 Labeling and Packaging. Pacira shall specify all labeling to be used on the Product and the packaging thereof, or if no labeling will be required by Pacira as a result of Pacira's use of a separate contract packager or for any other reason. Patheon agrees to use only such labeling and packaging on the Product as set out in the Specifications. Other than as required by GMP or Applicable Law, Patheon shall not affix to the Product any label, stamp, or other mark identifying Patheon as the source or manufacturer of the Product.

3.8 Compliance with Applicable Laws. Patheon shall comply and shall cause each of its Materials and Bill Back Items suppliers to comply with the Quality Agreement, GMP and Applicable Law in carrying out the Manufacturing of the Product and its other duties and obligations under this Agreement. Should during the Term of this Agreement a change or changes in Applicable Law lead to Patheon (a) providing services not originally contemplated by Patheon, or (b) incurring increased costs in order to comply with said change or changes, any such services or costs (to the extent pertaining to the Product or related to the Pacira Manufacturing Process, Pacira Manufacturing Equipment or Pacira Purchased Patheon Manufacturing Equipment) shall constitute an Additional Service subject to mutual written agreement of the Parties.

3.9 Compliance Audits. With the exception of "for cause" audits (e.g., audits arising in the event of regulatory issues or material Product conformity issues), Pacira and its designated representatives shall have the right to audit [**] all applicable non-financial records

of Patheon for the purpose of determining Patheon's compliance with the obligations set forth in this Agreement, including Sections 2.2(a) and 6.2, and the terms of any Purchase Order. Such audit right shall include the right to inspect: (a) the Materials used in the Manufacture of the Product, (b) the holding facilities for such Materials, (c) the Equipment used in the Manufacture of the Product, and (d) all non-financial records relating to the Manufacturing Suites and the Manufacturing of the Product (subject to any other restrictions set forth in this Agreement). Pacira shall provide Patheon at least [**] prior advance notice of its intention to conduct such audit and the Parties will determine a mutually agreeable date for such audit. Pacira shall include no more than [**] of Pacira's representatives in each such audit, with each such audit lasting no more than [**], in each case without Patheon's prior written consent.

3.10 Inventory Reviews. Without limiting the foregoing, Pacira shall have the right, with Patheon's assistance, to conduct an annual inventory count of the Materials and of the Products. Following an audit or inventory, Pacira may discuss its observations and conclusions with Patheon, and Patheon shall promptly implement such corrective actions after notification thereof by Pacira. In the event the Parties are unable to agree upon whether or not corrective actions are necessary, such dispute shall be resolved pursuant to the terms of Section 10.10.

3.11 Product Inquiries and Complaints.

(a) With respect to Products Manufactured by Patheon, each Party will promptly submit to the other Party any Product safety and efficacy inquiries, Product quality complaints, and adverse drug event reports received by such Party, together with all available evidence and other information relating thereto, in accordance with procedures to be agreed upon by the Parties. Except as otherwise required by, or to comply with, Applicable Law or the terms of this Agreement, Pacira, as the Party holding the applicable Regulatory Approval, will be responsible for investigating and responding to all such inquiries, complaints, and adverse events regarding the Product, and reporting to the FDA or any other Regulatory Authority.

(b) Pursuant to a reported complaint or adverse drug event pertaining to the Products manufactured by Patheon, if the nature of the reported complaint or adverse drug event requires testing, Patheon will, upon Pacira's request and approval, perform analytical testing of corresponding Product complaint or retention samples and provide the results thereto to Pacira as soon as reasonably practicable, but no later than [**] after Pacira's request. Such testing shall be performed using approved testing procedures as set forth in the applicable Regulatory Approval or the Quality Agreement. If such analytical testing concludes that the reported complaint or adverse drug event was the result of a Patheon Nonconformance, subject to Pacira having provided to Patheon a Deficiency Notice in accordance with the provisions of Section 2.8 including as to timing, Patheon shall reimburse Pacira for [**] associated with such complaint or adverse drug event and incurred by Pacira with respect to such nonconforming Product, including [**], which costs Pacira shall have the right to [**]. Costs of recalls will be dealt with in accordance with Section 3.13. If such analytical testing concludes that the reported complaint or adverse drug event was not the result of a Patheon Nonconformance, Pacira shall compensate Patheon for all costs associated with such complaint or adverse drug event and incurred by Patheon with respect to such nonconforming Product, including costs of recalls, market withdrawals, returns, and destruction.

(c) If the Parties disagree as to which Party is responsible, Patheon and Pacira representatives shall attempt to resolve such dispute. If the representatives cannot resolve such dispute within [**], the retention samples shall be submitted by Patheon and Pacira to an Expert and Section 2.8 shall apply.

3.12 Reports. Prior to the start of Patheon's commercial Manufacture of the Product (or as reasonably requested by Pacira prior to such date), Patheon and Pacira will work together in good faith to develop and agree upon Patheon's ordinary course reporting obligations. Such reports ("Reports") will include those reports as necessary for Pacira to (a) manage Product inventory; (b) manage its financial close and reporting; (c) monitor on-going Product and process performance for its internal analysis and reporting; and (d) comply with Applicable Law. Patheon will deliver such reports via electronic delivery methods, including by utilizing Patheon's existing IT systems as practicable.

3.13 Product Recalls.

(a) In the event (i) any Regulatory Authority issues a request, directive, or order that Product be recalled, (ii) a court of competent jurisdiction orders such a recall, or (iii) Pacira as holder of the applicable Regulatory Approval shall reasonably determine that Product should be recalled, withdrawn, or a field correction issued, the Parties shall take all appropriate corrective actions, and shall cooperate in the investigations surrounding the recall. In the event that Pacira determines that Product should be recalled, to the extent possible, Pacira shall consult with Patheon prior to taking any corrective actions. In the event of any Product recall, withdrawal, or field correction resulting from a Patheon Nonconformance, and subject to Pacira having provided to Patheon a Deficiency Notice in accordance with the provision of Section 2.8 including as to timing, Patheon shall bear [**] associated with such recall, withdrawal, or field correction, which shall include [**] of the recalled Product and [**] incurred by Pacira with respect to such Product. In all other circumstances, all costs associated with any Product recall, withdrawal, or field correction shall be borne by Pacira.

(b) If there is any dispute concerning which Party's acts or omissions gave rise to such recall of Product, Patheon and Pacira representatives shall attempt to resolve such dispute. If the representatives cannot resolve such dispute within [**], the matter shall be submitted by Patheon and Pacira to an Expert and Section 2.8 shall apply.

3.14 Payment Audits.

(a) Upon [**] prior written notice, Pacira may audit the relevant books and records of Patheon pertaining to Product Fees and associated Product quantity under this Agreement (but excluding any personnel records or Patheon's profits and losses statements) and with respect to any third-party invoices subsequently invoiced to Pacira pertaining to Patheon's provision of Equipment, Materials, Bill Back Items and Additional Services hereunder; provided, however, that Pacira will not be entitled to more than [**] audit during any [**] period. Such audits will be conducted during normal business hours, without undue disruption to Patheon's business, and may be conducted by Pacira, or by an independent public accounting firm designated by Pacira who is bound by confidentiality obligations at least as stringent as those set

forth in the Confidentiality Agreement. Except as hereinafter set forth, Pacira will bear the full cost of the performance of any such audit.

(b) If, as a result of any audit of the books and records of Patheon, it is shown that the payments or credits from one Party to the other under this Agreement with respect to the period of time audited were less than or more than the amount that should have been paid or credited, then the Parties will reconcile the amounts owed by each Party to the other. In addition, if such audit demonstrates that Patheon has overcharged Pacira hereunder by more than [**] for the period audited, then Patheon will also reimburse Pacira for its documented reasonable out-of-pocket costs and expenses incurred in connection with the audit.

3.15 Subcontractors. Prior to subcontracting any of Patheon's obligations hereunder, Patheon will notify Pacira of the proposed subcontractor (including in so far as they are working in Manufacturing Suites A-2 or B-2, temporary workers and other independent contractors) and will obtain Pacira's written approval of such subcontractor, such approval not to be unreasonably withheld or delayed. The terms of any subcontract will be in writing, will be subject to Pacira's prior approval, and will be consistent with this Agreement, unless Pacira agrees otherwise, including (a) confidentiality obligations and (b) compliance with Applicable Law, as required of Patheon under this Agreement. No subcontracting will release Patheon from its responsibility for its obligations under this Agreement. Patheon will be responsible for the work and activities of each of Patheon's subcontractors, including compliance with the terms of this Agreement. Regulatory Filings and Communications.

3.16 Regulatory Filing Obligations

. Except as otherwise set forth in this Agreement or the Technical Transfer Agreement, each Party will be responsible for all routine filings and communications with Regulatory Authorities ("Regulatory Filings") required with respect to such Party's Regulatory Obligations hereunder. "Regulatory Obligations" shall mean: (i) with respect to Pacira, any Regulatory Filings pertaining to the Product, the Pacira Manufacturing Process, and Patheon's filling and packaging processes and procedures; and (ii) with respect to Patheon, any Regulatory Filings pertaining to the Facility, including in connection with a Facility inspection by a Regulatory Authority (*e.g.*, those described in Section 3.5). For the avoidance of doubt, Pacira shall have the sole responsibility and Regulatory Obligation for the filing of all documents with all applicable Regulatory Authorities, and to take any other actions that may be required, for the receipt of Regulatory Approval for the development or commercial manufacture of the Product.

(a) Cooperation. Each Party ("Non-Filing Party") will provide reasonable assistance and cooperation to the other Party ("Filing Party") in the connection with the Filing Party's Regulatory Obligations consistent with the terms of this Section 3.16 and the Non-Filing Party's obligations under this Agreement. The Filing Party shall notify the Non-Filing Party in writing of any written communications received by the Filing Party from a Regulatory Authority related to the other Party's Regulatory Obligations within three (3) business days after receipt thereof. The Filing Party shall consult with the Non-Filing Party concerning the response of the Filing Party to each such communication, unless such filing is not relevant to the Non-Filing Party's Regulatory Obligations.

(b) Verification of Data. Prior to filing any documents or communications with a Regulatory Authority that incorporate or uses data generated by the Non-Filing Party or otherwise relate to the Non-Filing Party's Regulatory Obligations, the Filing Party will give the Non-Filing Party a draft of such document or communication ("Initial Draft") to give the Non-Filing Party the opportunity to verify the accuracy and regulatory validity of such Initial Draft. The Non-Filing Party shall be given a minimum of fourteen (14) calendar days to review the Initial Draft, but the Parties may mutually agree to a different time for the review as needed under the circumstances. The Initial Draft may be redacted by the Filing Party as reasonably deems necessary to protect the confidentiality of matters not affecting the Non-Filing Party or which are confidential to the Filing Party or to other clients or customers of the Non-Filing Party. The Parties agree that in reviewing the Initial Draft, the Non-Filing Party's role will be limited to verifying the accuracy of the description of its Regulatory Filing Obligations or accuracy of its data or information in the Initial Draft.

(c) Inaccuracies. If the Non-Filing Party determines that any of its data or information in the Initial Draft is inaccurate or any other errors relating to the Non-Filing Party's Regulatory Obligations, the Non-Filing Party will notify Filing Party in writing of such inaccuracy and provide a recommendation to remediate the Initial Draft. Such notice shall also include documentation and data sufficient to substantiate the Non-Filing Party's claim that the Initial Draft is inaccurate to the Filing Party's reasonable satisfaction. The Non-Filing Party shall provide comments to the Initial Draft no later than seven (7) days prior to the required filing date with the applicable Regulatory Authority. If the Non-Filing Party does not provide comments or notify the Filing Party of inaccuracies within such seven (7) day period, the Non-Filing Party will be deemed to have approved any data or language related to its Regulatory Obligations in the Initial Draft. The Filing Party shall be required to incorporate the Non-Filing Party's recommendations to the extent they directly relate to an error in the Non-Filing Party's data or information or the Non-Filing Party's Regulatory Filing Obligations. The Parties will work together in good faith to resolve any inaccuracies contained in the Initial Draft as soon as practicable under the circumstances to prevent a delay or postponement of such filing (or any related inspections by such Regulatory Authority to which the filing relates). Any on-going disagreement regarding the Deficiencies shall be escalated to the Steering Committee for resolution on an expedited basis.

(d) Responsibilities. The Filing Party shall deliver a copy of the final version of the filing ("Final Filing") to the Non-Filing Party at least three (3) days prior to the required filing date. Subject to the foregoing, the Non-Filing Party will not assume any responsibility for the accuracy of any other materials submitted by the Filing Party to a Regulatory Authority in connection with this Agreement. Except as otherwise set forth in this Agreement or the Technical Transfer Agreement, the Filing Party is solely responsible for the preparation and filing of any materials required by a Regulatory Authority with respect to such Party's Regulatory Filing Obligations hereunder and any relevant costs will be borne by the Filing Party.

ARTICLE IV. FEES AND INVOICING

4.1 General. (a) Except as otherwise set forth in this Agreement or Technical Transfer Agreement, Patheon shall invoice Pacira on a monthly basis for all applicable fees and

charges incurred by Patheon during the preceding month. (b) All invoices shall be sent electronically to accountspayable@pacira.com no later than the fifth day of each month. Payment shall be due thirty (30) days after receipt by Pacira of an undisputed invoice.

4.2 Late Fees. In relation to all invoices issued by Patheon pursuant to this Agreement, if Pacira fails to make any payment due to Patheon by the due date for payment, then, without limiting Patheon's remedies under ARTICLE VIII or at law, Patheon may charge interest on past due accounts at [**] which is equal to an annual rate of [**].

4.3 Disputed Invoices. If Pacira disputes any portion of an invoice, (a) Pacira shall provide Patheon with written notice of the disputed portion within [**] of receipt by Pacira of Patheon's invoice and its reasons therefor and shall not be obligated to pay such disputed portion unless and until such disputed portion is determined to be due and owing, and (b) Patheon shall cancel such invoice and issue a new invoice reflecting the undisputed invoiced amount, which shall be paid by Pacira within [**]. The Parties shall use good faith efforts to resolve the dispute regarding the disputed amount promptly, and if the Parties agree that a balance is due, Patheon shall issue an invoice for such balance, and payment shall be due [**] after receipt of such invoice. In the event of any inconsistency between an invoice and this Agreement, the terms of this Agreement shall control.

4.4 Exchange Rate Fluctuations. The Parties agree that Patheon will adjust all fees and charges to reflect currency fluctuations on each anniversary date of the Effective Date. The adjustment will proportionately reflect the increase or decrease, if any, in the current Set Exchange Rate[1] compared to the Set Exchange Rate established for the prior calendar year of the Term. In respect of the adjustment at the end of the first year of the Term, the adjustment will proportionately reflect the increase or decrease, if any, in the current Set Exchange Rate compared to Initial Set Exchange Rate[2]. An example of the calculation is set out in Schedule 4.4.

4.4 Taxes.

(a) Patheon will bear all taxes ("Tax" or "Taxes"), however designated, imposed as a result of the provision by Patheon of the Services under this Agreement for the following:

(i) income taxes imposed on Patheon arising from Manufacture of the Product performed at the Facility by its jurisdiction of residence.

[1] "Set Exchange Rate" means the average exchange rate to convert one U.S. Dollars ($) into one British Pound Sterling (£) for each a calendar year of the Term, calculated as the average daily interbank exchange rate for conversion of one U.S. Dollars ($) into one British Pound Sterling (£) during the prior full year period as published by OANDA.com "The Currency Site" under the heading "FxHistory: historical currency exchange rates" at www.OANDA.com/convert/fxhistory.

[2] "Initial Set Exchange Rate" means the initial exchange rate to convert one U.S. Dollars ($) into one British Pound Sterling (£), calculated as the daily average interbank exchange rate for conversion of one U.S. Dollars ($) into one British Pound Sterling (£) during the 90 day period immediately preceding the Effective Date as published by OANDA.com "The Currency Site" under the heading "FxHistory: historical currency exchange rates" at www.OANDA.com/convert/fxhistory.

(ii) Tax in the ordinary course of business for purchases made by Patheon in the course of providing its Services, such as Value Added Tax ("VAT") and similar taxes. It does not include taxes paid by Patheon on behalf of or as agent for Pacira.

(b) Pacira shall be liable for taxes on its income and non-income that arise from the provision of Pacira-Supplied Materials and Pacira Manufacturing Equipment including VAT, customs, and duties. However, the Parties agree that they will use commercially reasonable efforts to reduce the financial impact for VAT that may apply.

(c) If either Party is required to bear a tax, duty, levy or similar charge pursuant to this Agreement by any state, federal, provincial or foreign government, including, but not limited to, Value Added Tax, that Party will pay such tax, duty, levy or similar charge and any additional amounts to the appropriate taxing authority. Any Tax that Pacira pays, or is required to pay, but which Pacira believes should properly be paid by Patheon pursuant hereto may not be offset against sums due by Pacira to Patheon whether due pursuant to this Agreement or otherwise.

ARTICLE V. INTELLECTUAL PROPERTY

5.1 Ownership.

(a) Pacira shall maintain ownership and Control of all of its technology and intellectual property rights existing prior to the Effective Date ("Existing Pacira Intellectual Property").

(b) Patheon shall maintain ownership and Control of all of its technology and intellectual property rights existing prior to the Effective Date ("Existing Patheon Intellectual Property").

(c) Existing Pacira Intellectual Property shall include and Pacira shall own all right, title, and interest in and to (i) the Product, (ii) the Specifications, and (iii) Pacira's Manufacturing Process.

(d) Existing Patheon Intellectual Property shall include and Patheon shall own all right, title, and interest in and to the Patheon Manufacturing Equipment as of the Effective Date (excluding the Parcia Purchased Patheon Manufacturing Equipment and Pacira Purchased Manufacturing Equipment Improvements).

(e) Pacira shall own all right, title, and interest in and to, all intellectual property (specifically including inventions and patents and patent applications therefor) with respect to, and any data with respect to:

(i) (A) any improvement of, modification of, change of, enhancement of, new indication for, new formula for, new formulation for, new ingredients for, new dosage for, new dosage strength for, new means of delivery for, or new labeling or packaging for, the Product ("Pacira Product Improvements"); (B) any improvement of, modification of, change of, or enhancement of the Specifications not comprising Patheon Filling, Labelling or Packaging Improvements, Existing

Patheon Intellectual Property or Patheon Independent Manufacturing Equipment Improvements ("Pacira Specification Improvements"); and (C) any improvement of, modification of, change of, enhancement of, new process for, new procedure for, new step for Pacira's Manufacturing Process not comprising of Patheon Filling, Labeling or Packaging Improvements, Existing Patheon Intellectual Property or Patheon Independent Manufacturing Equipment Improvements ("Pacira's Manufacturing Process Improvements"); (D) any improvement of, modification of, change of, enhancement of Pacira Purchased Patheon Manufacturing Equipment not comprising Patheon Filling, Labelling or Packaging Improvements, Existing Patheon Intellectual Property or Patheon Independent Manufacturing Equipment Improvements ("Pacira Purchased Manufacturing Equipment Improvements") in each of case (A), (B), (C) and (D), (1) that is developed, conceived, or created as a result of or in connection with this Agreement, including Patheon's Manufacturing of the Product hereunder, (2) whether or not patentable, and (3) whether developed, conceived, or created by employees of, or consultants to, Pacira or Patheon, alone or jointly with each other or with permitted third parties (including permitted sublicensees and subcontractors); and

(ii) any inventions or other intellectual property developed, conceived, or created by Pacira, alone or jointly with third parties (other than Patheon or its Affiliates, or their respective employees and consultants), in the course of conducting activities outside the scope of this Agreement and without any use of any Existing Patheon Intellectual Property, Patheon Filling, Labeling or Packaging Improvements or Patheon Independent Manufacturing Equipment Improvements (as defined hereunder).

(f) Patheon shall own all right, title, and interest in and to, all intellectual property (specifically including inventions and patents and patent applications therefor) with respect to, and any data with respect to:

(i) any improvement of, modification of, change of, enhancement of Patheon's Manufacturing Equipment, (1) that is developed, conceived, or created as a result of or in connection with this Agreement, including Patheon's Manufacturing of the Product hereunder, (2) whether or not patentable, (3) whether developed, conceived, or created by employees of, or consultants to, Pacira or Patheon, alone or jointly with each other or with permitted third parties (including permitted sublicensees); and (4) not comprising Pacira Purchased Manufacturing Equipment Improvements, ("Patheon Independent Manufacturing Equipment Improvements");

(ii) any improvement of, modification of, change of, enhancement of filling, labeling or packaging technology or equipment which is (x) generated or derived by Patheon, alone of jointly, and (y) of generic application rather than specific to the Product (not comprising of Pacira Manufacturing Process Improvements, Existing Pacira Intellectual Property, Pacira Product

Improvements or Pacira Specification Improvements) ("Patheon Filling, Labeling or Packaging Improvement"); and

(iii) any inventions or other intellectual property developed, conceived, or created by Patheon, alone or jointly with third parties, in the course of conducting activities outside the scope of this Agreement and without any use of any Existing Pacira Intellectual Property, Pacira Product Improvements, Pacira Specification Improvements, or Pacira Manufacturing Process Improvements.

(g) Patheon agrees to, and hereby does, and shall cause each of its employees, consultants, and Affiliates (collectively with Patheon, the "Patheon Assignors") to assign to Pacira all right, title, and interest in and to the Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements and (only to the extent the same is owned by the Patheon Assignors) Pacira Purchased Manufacturing Equipment Improvements developed, conceived, or created by such Patheon Assignors, alone or jointly with others, including all intellectual property rights associated therewith. Upon Pacira's request and at Pacira's sole expense, Patheon shall, and shall use commercially reasonable efforts to cause each Patheon Assignor to, assist Pacira or anyone Pacira reasonably designates in preparing, filing, prosecuting, obtaining, enforcing, or defending any patent, copyright, or other intellectual property application or grant of right issuing therefrom for same in any and all countries in the world.

(h) Pacira agrees to, and hereby does, and shall cause each of its employees, consultants, and Affiliates (collectively with Pacira, the "Pacira Assignors") to assign exclusively to Patheon all right, title, and interest in and to Patheon Independent Manufacturing Equipment Improvements and Patheon Filling, Labeling or Packaging Improvement developed, conceived, or created by such Pacira Assignors, alone or jointly with others, including all intellectual property rights associated therewith. Upon Patheon's request and at Patheon's sole expense, Pacira shall, and shall use commercially reasonable efforts to cause each Pacira Assignor to, assist Patheon or anyone Patheon reasonably designates in preparing, filing, prosecuting, obtaining, enforcing, or defending any patent, copyright, or other intellectual property application or grant of right issuing therefrom for same in any and all countries in the world.

(i) Patheon shall, and shall cause its Affiliates to, promptly, and in any event within [**] following reduction to practice, disclose in writing and in reasonable detail to Pacira any Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements, or any Pacira Purchased Manufacturing Equipment Improvements developed, conceived, or created by employees, consultants, or subcontractors of Patheon or its Affiliates, alone or jointly with employees, consultants or subcontractors of Pacira or its Affiliates. Such written notice will be treated as the Proprietary Information of Pacira hereunder.

(j) Pacira shall, and shall cause its Affiliates to, promptly, and in any event within [**] following reduction to practice, disclose in writing and in reasonable detail to Patheon any potential Patheon Independent Manufacturing Equipment Improvements or Patheon Filling, Labeling or Packaging Improvement developed, conceived, or created by employees, consultants, or subcontractors of Pacira or its Affiliates, alone or jointly with employees,

consultants , or subcontractors of Patheon or its Affiliates. Such written notice will be treated as the Proprietary Information of Patheon hereunder.

(k) Patheon agrees to have each Patheon Assignor enter into a written agreement with Patheon, or directly with Pacira (i) to assign to Pacira all right, title, and interest in and to any Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements or Pacira Purchased Manufacturing Equipment Improvements (limited in to those rights, title, interest and intellectual property rights as are owned by the Patheon Assignors) arising during the course or his, her, or its employment or engagement with Patheon, and all intellectual property rights with respect thereto, and (ii) to agree to obligations of confidentiality and non-use with respect to all Proprietary Information that are at least as stringent as those set forth in the Confidentiality Agreement.

(l) Pacira agrees to have each Pacira Assignor, enter into a written agreement with Pacira, or directly with Patheon (i) to assign to Patheon all right, title, and interest in and to any Patheon Independent Manufacturing Equipment Improvements or Patheon Filling, Labeling or Packaging Improvement (limited in to those rights, title, interest and intellectual property rights as are owned by the Pacira Assignors) arising during the course or his, her, or its employment or engagement with Pacira, and all intellectual property rights with respect thereto, and (ii) to agree to obligations of confidentiality and non-use with respect to all Proprietary Information that are at least as stringent as those set forth in the Confidentiality Agreement.

(m) The Specifications, Pacira's Manufacturing Process, and any and all information or material related to the Existing Pacira Intellectual Property, Pacira Product Improvements, Pacira Specification Improvements, or Pacira's Manufacturing Process Improvements but not Pacira Purchased Manufacturing Equipment Improvements shall constitute Proprietary Information of Pacira, which shall be deemed the disclosing Party with respect to such Proprietary Information.

(n) Patheon's Manufacturing Equipment and any and all information or material related to the Existing Patheon Intellectual Property, the Patheon Independent Manufacturing Equipment Improvements or Patheon Filling, Labeling or Packaging Improvements shall constitute Proprietary Information of Patheon, which shall be deemed the disclosing Party with respect to such Proprietary Information.

5.2 Licenses.

(a) Pacira hereby grants, for the purposes of this Agreement only, to Patheon a fully paid-up worldwide, non-exclusive license, under Pacira's entire right, title, and interest in and to the Existing Pacira Intellectual Property for Patheon to Manufacture the Products solely pursuant to the terms of this Agreement.

(b) Pacira hereby grants, for the purposes of this Agreement only, to Patheon a fully paid-up worldwide, non-exclusive license, under Pacira's entire right, title, and interest in and to the Pacira Product Improvements, Pacira Specification Improvements, and Pacira's Manufacturing Process Improvements developed, conceived, or created as a result of or in connection with this Agreement by Patheon or its Affiliates, alone or jointly with others, in each

case to make Products solely pursuant to the terms of this Agreement. Nothing in this Agreement grants Patheon any rights or licenses under such Pacira Product Improvements, Pacira Specification Improvements, or Pacira's Manufacturing Process Improvements outside of the Field or for any purpose other than to Manufacture the Products pursuant to the terms of this Agreement.

(c) Pacira hereby grants to Patheon a fully paid-up, irrevocable, worldwide, non-exclusive, transferable, with the right to sublicense, perpetual license, under Pacira's entire right, title, and interest in and to use the Pacira Purchased Manufacturing Equipment Improvements without restriction.

(d) Subject to payments made by Pacira pursuant to the Technical Transfer Agreement and this Agreement, Patheon hereby grants to Pacira a fully paid-up worldwide, non-exclusive license, with the right to sublicense to Affiliates only, under Patheon's entire right, title, and interest in and to the Patheon Independent Manufacturing Equipment Improvements and Patheon Filling, Packaging or Labeling Improvements developed, conceived, or created as a result of or in connection with this Agreement, to make, use, offer for sale, sell, import, and otherwise dispose of the Product and methods of Manufacturing the Product inside the Field only. Nothing in this Agreement grants Pacira any rights or licenses under such Patheon Independent Manufacturing Equipment Improvement or Patheon Filling, Labeling or Packaging Improvement outside the Field.

(e) Patheon shall, and shall cause its Affiliates to, promptly, and in any event within [**] following reduction to practice, disclose in writing and in reasonable detail to Pacira any potential Pacira Purchased Manufacturing Equipment Improvements developed, conceived, or created by employees or consultants of Patheon or its Affiliates in the performance of this Agreement. Pacira shall, in its sole discretion, decide whether such improvement is necessary or useful to Manufacture the Product and be deemed Pacira Purchased Manufacturing Equipment Improvements upon payment therefor, or if such improvement shall be deemed Patheon Independent Manufacturing Equipment Improvement, and not be used in the Manufacture of the Product.

5.3 Third Person Litigation. In the event that, during the Term, any Person (other than Pacira) institutes against Patheon any action that alleges that the Manufacture of the Product hereunder in accordance with the terms hereof infringes the intellectual property rights held by such Person, then, as between Patheon and Pacira, and subject to Pacira indemnifying and defending and holding harmless Patheon in relation to such action pursuant to Section 9.1, Pacira, at its sole expense, shall have the sole obligation to contest, and assume direction and control of the defense of, such action, including the right to settle such action on terms determined by Pacira; provided, however, that in no event may Pacira agree to the entry of any equitable or injunctive relief that is binding on Patheon or its Affiliates, without Patheon's prior written consent, not to be unreasonably withheld or delayed. Patheon, at Pacira's expense, shall use all commercially reasonable efforts to assist and cooperate with Pacira as reasonably requested by Pacira in such action.

5.4 Technology Transfer. Upon the request of Pacira or at any time Patheon shall, at Pacira's cost (i) promptly disclose to Pacira or its designee any Pacira Product Improvements, Pacira Specification Improvements, Pacira's Manufacturing Process Improvements, Pacira Purchased Manufacturing Equipment Improvements necessary or useful to enable Pacira or such designee to Manufacture the Product, (ii) have its representatives meet with representatives of Pacira or its designee to enable Pacira or such designee to Manufacture the Product, and (iii) provide such other assistance as Pacira may reasonably request to enable Pacira or such designee to Manufacture the Product. Pacira shall reimburse Patheon for its time and all documented out-of-pocket expenses reasonably incurred by Patheon in connection with such technology transfer. Patheon will provide a quotation for the services which Pacira requires pursuant to this Section 5.4 as Additional Services and on acceptance by Pacira of the same, Patheon will provide the services stated therein.

5.5 Licenses of Rights to Intellectual Property. The licenses granted by the Parties hereunder shall be deemed to be licenses of rights to "intellectual property" as defined under §101 of the United States Bankruptcy Code and, in connection therewith, each Party shall have the rights set forth in §365(n) of the United States Bankruptcy Code in the event of any rejection or proposed rejection of this Agreement in any bankruptcy proceeding.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of Each Party. Each Party hereby represents and warrants to the other Party as follows:

(a) Such Party (i) is duly formed and in good standing under the laws of the jurisdiction of its formation, (ii) has the power and authority and the legal right to enter into this Agreement and perform its obligations hereunder, and (iii) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid, and binding obligation of such Party and is enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other similar laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

(b) From FDA Approval Date, all necessary consents, approvals, and authorizations of all Regulatory Authorities, other governmental authorities, and other Persons required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

(c) The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (i) do not and will not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation, bylaws limited partnership agreement, or other constituent document of such Party and (ii) do not and will not conflict with, violate, or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

6.2 Additional Representations, Warranties, and Covenants of Patheon. Patheon warrants, represents, and covenants that:

(a) it has facilities, personnel, experience, and expertise sufficient in quality and quantity to perform the obligations hereunder, and (ii) it shall perform its obligations with reasonable due care and in conformity with current generally accepted standards and procedures for Manufacturing the Product and GMPs, and (iii) it will comply with the Quality Agreement and comply with all agreed upon quality assurance, quality controls, and review procedures;

(b) it has at the Effective Date and shall, during the Term of this Agreement and at its cost (subject to Sections 2.9(b)-(d) and Section 3.8), in connection with this Agreement, observe and comply with all Applicable Laws, including federal, state, and local laws, orders, regulations, rules, customs, and ordinances now in force or that may hereafter be in force, pertaining to the Facility and the Manufacture of the Product (but not the Product per se which shall be the responsibility of Pacira) and including, without limitation, (i) labor laws, orders, regulations, rules, customs, and ordinances of the country of Manufacture and (ii) those of the FDA pertaining to the Manufacturing Services and the Facility (but not the Product, which shall be the responsibility of Pacira), and any laws, orders, regulations, rules, or ordinances issued in addition to, as a supplement to or as a replacement of Applicable Laws.

(c) none of it, its Affiliates, nor any Person under its direction or control, has ever been, nor will it engage suppliers which have to its actual knowledge, after due inquiry, been, (i) debarred or convicted of a crime for which a person can be debarred, under Section 335(a) or 335(b) of the FDA Act, or any equivalent Applicable Law of the country of Manufacture, (ii) threatened to be debarred under the FDA Act or any equivalent Applicable Law of the country of Manufacture or (iii) indicted for a crime or otherwise (to its actual knowledge after due inquiry) engaged in conduct for which a person can be debarred under the FDA or any equivalent Applicable Law of the country of Manufacture, and Patheon agrees that it will promptly notify Pacira in the event it receives notification of any such debarment, conviction, threat or indictment. Should Patheon become aware of any suspected noncompliance with the foregoing, Patheon will notify Pacira in writing of such issue within forty-eight (48) hours. For the purpose of this Section 6.2, suppliers and subcontractors engaged by Patheon to undertake the Manufacture of the Product shall be deemed to be under Patheon's direction or control;

(d) none of it, its Affiliates, nor any Person under its direction or control is currently excluded from a federal or state health care program under Sections 1128 or 1156 of the Social Security Act, 42 U.S.C. §§ 1320a-7, 1320c-5 or any equivalent Applicable Law of the country of Manufacture, as may be amended or supplemented;

(e) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded from contracting with the U.S. federal government or the government of the country of Manufacture;

(f) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded, suspended, or debarred from any U.S. or foreign governmental program;

(g) it shall immediately notify Pacira if, at any time during the Term, Patheon, its Affiliates, or any Person under its direction or control is convicted of an offense that would subject it or Pacira to exclusion, suspension, or debarment from any U.S. or foreign governmental program; and

(h) before it subcontracts any of its obligations under this Agreement, which may only be done in accordance with Section 3.15, Patheon shall in so far as such sub-contractors are working in Manufacturing Suites A-2 or B-2 (x) ensure that its subcontractor(s) represent, warrant, and covenant Sections 6.2(a) through (g) above, and this Section 6.2(h) if the subcontractor(s) sub-subcontracts any of its obligations, which may only be done in accordance with Section 3.15, and (y) provide Pacira with confirmation of these representations, warranties, and covenants.

6.3 Warranty. Patheon warrants that, at the time of delivery of Product to Pacira: (a) such Product will have been Manufactured in accordance with the Product's Marketing Authorization, Pacira's Manufacturing Process, the Quality Agreement, GMP, and all other Applicable Law; (b) such Product will be in conformity with the Specifications in accordance with the testing regime set out therein and will conform with the Certificate of Analysis therefor provided pursuant to Section 2.3(f); (c) such Product will not be adulterated or misbranded within the meaning of the FDA Act, and similar provisions of the laws of other countries as to which Regulatory Approvals have been granted with respect to the Product; (d) title to such Product will pass to Pacira as provided herein free and clear of any security interest, lien, or other encumbrance; (e) such Product will have been Manufactured in facilities that are in compliance with all Applicable Laws at the time of such Manufacture (including applicable inspection requirements of FDA and other Regulatory Authorities); and (f) the expiration date of such Product shall be no earlier than eighteen (18) months after the date of release by Patheon thereof.

6.4 Additional Representations, Warranties, and Covenants of Pacira

. Pacira warrants, represents, and covenants that:

(a) Non-Infringement.

(i) throughout the Term, (1) it or its Affiliates Control all right, title, and interest in all issued patents and pending patent applications set forth on Schedule 6.4(a), which patents and applications claim Technology embodied in the Product; and (2) it has the right to authorize Patheon to perform the Manufacturing Services in accordance with the terms and conditions hereof;

(ii) throughout the Term, the performance of the Manufacturing Services hereunder, in accordance with the terms and conditions hereof and using Pacira's Manufacturing Process, or the manufacture, use, sale or other disposition of the Product by Patheon as may be required to perform its obligations under this Agreement or by Pacira, does not and will not result, in the infringement or misappropriation of any Person's intellectual property rights;

(iii) Pacira or its Affiliates Control and have the right to lawfully disclose the Specifications to Patheon;

(iv) as of the Effective Date, there are no actions or other legal proceedings pending concerning the infringement of third party intellectual property rights related to any of the Specifications, or any of the Materials, or the sale, use, or other disposition of any Product made in accordance with the Specifications.

(b) Quality and Compliance.

(i) the Specifications for all Products conform to all applicable GMPs and Applicable Laws;

(ii) the Products, if labelled and manufactured in accordance with the Specifications and in compliance with applicable GMPs and Applicable Laws (i) may be lawfully sold and distributed in every jurisdiction in which Pacira markets the Products, (ii) will be fit for the purpose intended, and (iii) will be safe for human consumption;

(iii) on the date of shipment, any Pacira-Supplied Materials will conform to the specifications for the Materials that Pacira has given to Patheon and that the Materials will be adequately contained, packaged, and labelled and will conform to the affirmations of fact on the container.

6.5 **DISCLAIMER. THE FOREGOING EXPRESS WARRANTIES SET FORTH IN THIS ARTICLE VI ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT, AND ALL OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED BY EACH PARTY.**

ARTICLE VII. CONFIDENTIALITY

7.1 Confidentiality Obligations. The Parties agree that the terms of the Confidentiality Agreement dated April 4, 2014 between the Parties, shall govern the confidentiality obligations of the Parties and are incorporated herein by this reference (the "Confidentiality Agreement"). A copy of the Confidentiality Agreement is attached herein as Exhibit C.

7.2 Injunctive Relief. Each Party acknowledges that a breach by either Party of the Confidentiality Agreement or of this ARTICLE VII cannot reasonably or adequately be compensated in damages in an action at law and that such a breach may cause the other Party irreparable injury and damage. By reason thereof, each Party agrees that the other Party may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of the Confidentiality Agreement or this ARTICLE VII, without the need of posting a bond or other security; provided, however, that no specification in this Agreement of a specific legal or

equitable remedy will be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of such a breach. Each Party agrees that the existence of any claim, demand, or cause of action of it against the other Party, whether predicated upon this Agreement, or otherwise, will not constitute a defense to the enforcement by the other Party, or its successors or assigns, of the covenants contained in the Confidentiality Agreement and this ARTICLE VII.

ARTICLE VIII. TERM AND TERMINATION

8.1 Term. This Agreement shall commence as of the Effective Date and, unless earlier terminated in accordance with the terms hereof, shall expire on the tenth (10^{th}) anniversary of the FDA Approval Date (the "Initial Term"). Notwithstanding, by mutual agreement the Parties may commence discussions [**] prior to the end of the Initial Term with a view to extending the Initial Term for such period or periods as may be agreed (collectively, the Initial Term and any extensions thereof, the "Term").

8.2 Termination. In addition to any other provision of this Agreement expressly providing for termination of this Agreement, this Agreement may be terminated as follows:

(a) Pacira may terminate this Agreement:

(i) at any time by giving Patheon one (1) month prior written notice in the event that any Regulatory Authority causes the permanent withdrawal of the Product from the United States or any other market in a country or countries of the Territory that represent eighty percent (80%) or more of Pacira's overall Product sales; or

(ii) at any time for convenience by giving Patheon (w) in the [**] from the FDA Approval Date, thirty six (36) months prior written notice; (x) in the [**] from the FDA Approval Date, thirty (30) months prior written notice; (y) in the [**] from the FDA Approval Date, twenty four (24) months prior written notice; and in the [**] from the FDA Approval Date, eighteen (18) months prior written notice]; or

(iii) at any time upon written notice in the event of any material default by Patheon in the performance of any of its obligations hereunder, which material default has not been cured by Patheon within [**] after receiving written notice thereof ("Remediation Period"), provided that Patheon shall continue performing hereunder pursuant to the terms of Section 8.4 below. Pacira's right to terminate this Agreement for a particular breach under this Section 8.2(a)(iii) may only be exercised for a period of [**] following the expiry of the Remediation Period (where the breach has not been remedied) and, if the termination right is not exercised during this period, then Pacira will be deemed to have waived its right to terminate this Agreement for such breach.

(b) Patheon may terminate this Agreement at any time upon written notice in the event of (i) any material default by Pacira in the performance of any of its obligations hereunder, which default has not been cured by Pacira within [**] after receiving written notice

thereof; or (ii) Pacira's default of its payment obligations in accordance with ARTICLE IV which default has not been cured by Pacira within [**] after receiving written notice thereof; provided, however, that, if Pacira fails to cure such payment default, Patheon may not terminate without first providing a second notice to the attention of Pacira's Chief Executive Officer and an additional [**] cure period.

(c) This Agreement may be terminated at any time by either Party immediately upon written notice pursuant to Section 10.2, or if the other Party shall file in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for arrangement or for the appointment of a receiver or trustee of the other Party or of its assets, or if the other Party proposes a written agreement of composition of its debts, or if the other Party shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition shall not be dismissed within [**] after the filing thereof, or if the other Party shall propose or be a party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of its creditors.

(d) This Agreement will automatically terminate should either Pacira or Patheon exercise its right to terminate the Technical Transfer Agreement (but not in the event of an expiration of such agreement as set forth in Section 8.2 thereof) prior to the FDA Approval Date, in which case, any payment to Patheon will be made in accordance with the Technical Transfer Agreement.

8.3 Effect of Termination.

(a) The expiration or termination of this Agreement shall be without prejudice to any rights or obligations of the Parties that may have accrued prior to such termination, and the provisions of Sections 2.1(f), 2.8, 3.6, 3.11, 3.13, 6.5 and 8.3 and ARTICLE I, ARTICLE IV, ARTICLE V, ARTICLE VII, ARTICLE IX, and ARTICLE X shall survive the expiration or termination of this Agreement. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof shall not limit remedies that may otherwise be available in law or equity.

(b) Upon expiration or termination of this Agreement, subject to the Parties' obligations under Section 8.4 below, each Party, at the request of the other, shall return all data, files, records, and other materials in its possession or control containing or comprising the other Party's Proprietary Information.

(c) Upon expiration or termination of this Agreement for any reason, subject to the Parties' obligations under Section 8.4 below, (i) all submitted but unfilled Purchase Orders with respect to which Patheon has (1) not begun Manufacture of Product shall be cancelled, or (2) begun Manufacture of the Product shall be completed, unless otherwise agreed (ii) Pacira shall remove all Pacira Manufacturing Equipment, Pacira Purchased Patheon Manufacturing Equipment and Materials from the Facility within [**] of such termination failing which Pacira will pay a fee equivalent to the aggregate monthly Base Fee for Manufacturing Suites A-2 and B-2 for each month or part month the Pacira Manufacturing Equipment, Pacira Purchased Patheon Manufacturing Equipment or Materials remain at the Facility post termination.

(d) Upon expiration or termination of this Agreement, subject to the Parties' obligations under Section 8.4 below, (i) Pacira shall purchase from Patheon at Patheon's cost, all unpaid Material Costs and Bill Back Items which were ordered, purchased, produced or maintained by Patheon in contemplation of the Manufacture of the Product in accordance with Section 2.2; and (ii) Pacira shall pay Patheon any earned but unpaid Product Fees, including those under any outstanding Purchase Order as described in Section 8.3(c); and (iii) Pacia shall purchase at the then prevailing Product Fee any Product comprising the Safety Stock whereupon Patheon shall return the Deposit to Pacira; and (iv) Pacira shall pay for any earned but unpaid Base Fees or Additional Services; (iv) Pacira shall pay all due and outstanding invoices under ARTICLE IV.

(e) Upon expiration or termination of this Agreement (other than pursuant to Section 8.2(a)(iii)), subject to the Parties' obligations under Section 8.4 below, Pacira shall pay to Patheon all and any removal and Make Good Costs associated with the removal of the Pacira Manufacturing Equipment or Pacira Purchased Patheon Manufacturing Equipment from the Facility. "Make Good Costs" means the reasonable costs required to repair the Facility and return it to a clean, safe and useable area based on the repair of damage caused by the installation or removal of Pacira Manufacturing Equipment.

(f) Upon expiration or termination of this Agreement other than pursuant to Section 8.2(a)(iii), subject to the Parties' obligations under Section 8.4 below, Pacira shall pay to Patheon the following costs ("Manufacturing Services Termination Costs"): (i) all actual costs incurred by Patheon to complete activities associated with the completion, expiry or termination including, without limitation, disposal fees that may be payable for any Materials and supplies owned by Pacira to be disposed of by Patheon; and (ii) all and any direct costs and expenses, or wasted costs and expenses, or termination or cancellation fees payable by Patheon as a consequence of or arising from the termination of this Agreement, to include but not limited to, all and any redundancy costs of employees employed by Patheon to work solely or mainly in providing the Services and/or Manufacturing the Product, all and any termination costs in relation to subcontractors and agency staff working solely or mainly in providing the Services and/or Manufacturing the Product, any termination or cancellation fees payable to third party suppliers. Patheon will use commercially reasonable efforts to mitigate the Manufacturing Services Termination Costs. Patheon will further provide Pacira with documentation in order to substantiate the Manufacturing Services Termination Costs. Notwithstanding anything in this Section 8.3(f) to the contrary, Pacira's liability for Manufacturing Services Termination Costs shall be limited to the payment to Patheon of the [**] of Manufacturing Services Termination Costs together with [**] of the Manufacturing Services Termination Costs in excess of [**] up to a maximum amount payable by Pacira of $2,000,000.

(g) Pacira acknowledges that no Patheon Competitor (being a Person that derives greater than [**] of its revenues from performing contract pharmaceutical development or commercial manufacturing services) will be permitted access to the Manufacturing Site.

8.4 Transition Assistance. (i) Upon the delivery by either Party of a notice of termination of this Agreement for any reason other than by Patheon pursuant to Section 8.2(b) or (c), upon the request of Pacira, and subject to terms set forth in this Agreement, Patheon

shall provide Pacira with the reasonable assistance of its staff and reasonable access to its other internal resources to provide Pacira with a reasonable level of technical assistance and consultation to transfer the Manufacture and the regulatory qualification of the Product to a supplier of Pacira's election, provided that Pacira will reimburse Patheon for the reasonable costs of such assistance in the event of a termination for any reason other than a breach by Patheon; and (ii) Upon the delivery by Pacira of a notice of termination of this Agreement pursuant to Section 8.2(a)(iii) (but not including the giving of notice of termination following an extension to this Agreement pursuant to this Section 8.4), if requested by Pacira in writing given at the same time as the giving of such notice of termination including the term of such additional supply, Patheon shall supply the Products pursuant to the terms of this Agreement for a period not to exceed a maximum of [**] from the delivery of a notice of termination. For the avoidance of doubt, the termination date of this Agreement shall be deemed the date upon which the Parties have completed their obligations under this Section 8.4. Pacira acknowledges that, during such transition assistance period, no Patheon Competitor (being a Person that derives greater than [**] of its revenues from performing contract pharmaceutical development or commercial manufacturing services) will be permitted access to portions of the Facility other than those dedicated to the Manufacture of the Product.

ARTICLE IX. INDEMNIFICATION

9.1 Pacira Indemnification Obligations. Pacira shall indemnify Patheon, its Affiliates, and their respective directors, officers, employees, and agents (the "Patheon Indemnified Parties"), and defend and save each of them harmless, from and against any and all (a) Third Party Losses incurred by any of them in connection with, arising from, or occurring as a result of (i) the breach by Pacira of any of its obligations under this Agreement; (ii) the breach or inaccuracy of any representation or warranty made by Pacira in this Agreement, (iii) any gross negligence or willful misconduct by Pacira or any of its Affiliates, (iv) any claim made by any Person that the Manufacture and supply of the Product in accordance with the terms hereof infringes or misappropriates the patent, trademark, or other intellectual property rights of such Person, and (v) any product liability claim made by any Person with respect to any Product Manufactured in accordance with the terms hereof, except to the extent liability is based on a Patheon Nonconformance; or (b) any Loss incurred by any of them in connection with the negligence or willful misconduct of the Pacira On Site Representatives at the Facility, except, in each case, for those Losses for which Patheon has an obligation to indemnify the Pacira Indemnified Parties pursuant to Section 9.2, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Pacira will not be required to indemnify the Patheon Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or intentional misconduct by any Patheon Indemnified Parties.

9.2 Patheon Indemnification Obligations. Patheon shall indemnify Pacira, its Affiliates, and their respective directors, officers, employees, and agents (the "Pacira Indemnified Parties"), and defend and save each of them harmless, from and against any and all (a) Third Party Losses incurred by any of them resulting from, or relating to, any claim of personal injury or property damage to the extent that the injury or damage is in connection with,

arising from, or occurring as a result of (i) the breach or inaccuracy of any representation or warranty made by Patheon in Article VI of this Agreement, (ii) any gross negligence or willful misconduct by Patheon or any of its Affiliates; and (iii) any product liability claim made by any Person with respect to any Product Manufactured by Patheon to the extent any such liability is based on or caused by a Patheon Nonconformance; (b) Third Party Losses incurred by any of them in connection with, arising from, or occurring as a result of a claim that any Existing Patheon Intellectual Property, Patheon Independent Manufacturing Improvement or Patheon Filling, Labeling or Packaging Improvement used by Patheon in its Manufacture of the Product infringes or misappropriates the patent, trademark, or other intellectual property rights of such Person; except in each case to the extent that the Losses are due to the negligence or wrongful act(s) of Pacira, its Affiliates and their respective directors, officers, employees, and agents or for which Pacira has an obligation to indemnify the Patheon Indemnified Parties pursuant to Section 9.1, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Patheon will not be required to indemnify the Pacira Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or intentional misconduct by Pacira Indemnified Parties.

9.3 Indemnification Procedure.

(a) Notice of Claim. The indemnified Party (the "Indemnified Party") shall give the indemnifying Party (the "Indemnifying Party") prompt written notice (an "Indemnification Claim Notice") of any Loss, action, or discovery of facts upon which such Indemnified Party intends to base a request for indemnification under Section 9.1 or 9.2 (a "Claim"), but in no event shall the Indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Losses upon which it intends to seek indemnification.

(b) Control of Defense. At its option, the Indemnifying Party may assume the defense of any Claims by giving written notice to the Indemnified Party within thirty (30) days after the Indemnifying Party's receipt of an Indemnification Claim Notice; provided that the assumption of the defense of a Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's Claim. Upon assuming the defense of a Claim, the Indemnifying Party may appoint as lead counsel in the defense of such Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Claim, the Indemnified Party shall immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by any Indemnified Party in connection with the Claim. Subject to clause (c) below, if the Indemnifying Party assumes the defense of a Claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense, or

settlement of such Claim. In the event that it is ultimately determined that the Indemnifying Party is not obligated to indemnify, defend, or hold harmless an Indemnified Party from and against any Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including attorneys' fees and costs of suit) and any Losses incurred by the Indemnifying Party in its defense of such Claim.

(c) Right to Participate in Defense. Without limiting Section 9.3(b), any Indemnified Party shall be entitled to participate in, but not control, the defense of a Claim and to employ counsel of its choice for such purpose; provided, however, that such employment shall be at the Indemnified Party's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 9.3(b) (in which case the Indemnified Party shall control the defense), or (iii) the interests of the Indemnified Party and the Indemnifying Party with respect to such Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules, or equitable principles.

(d) Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Claim and that will not result in the Indemnified Party becoming subject to injunctive or other relief or otherwise adversely affect the business or reputation of the Indemnified Party in any manner, and as to which the Indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the Indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Claims, where the Indemnifying Party has assumed the defense of the Claim in accordance with Section 9.3(b), the Indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss; provided that it obtains the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, agree to any settlement or acquiesce to any judgment with respect to a Claim that obligates the Indemnified Party to pay any amount subject to indemnification by the Indemnifying Party or causes the Indemnified Party to admit to any civil or criminal liability.

(e) Cooperation. If the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information, and testimony, provide such witnesses, and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party shall reimburse the Indemnified Party for all its time and reasonable out-of-pocket expenses in connection therewith.

(f) Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Claim shall be reimbursed on a monthly basis in arrears by the Indemnifying Party, without prejudice to the Indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

9.4 Insurance. During the Term and for [**] thereafter, each Party shall procure and maintain at its own expense from a qualified and licensed insurer liability insurance or indemnity policies, in an amount not less than [**] in the aggregate with an indemnity to principals clause with respect to products liability and distribution, subject to such deductible or self-retention limits as either Party in its business discretion may elect. Such policies shall be blanket policies and shall insure against liability on the part of each Party and any of its Affiliates, as their interests may appear, due to injury, disability, or death of any person or persons, or injury to property, arising from the distribution of the Products. Upon the execution of this Agreement and thereafter on January 1 of each year during the Term, each Party shall provide to the other a certificate of insurance (i) summarizing the insurance coverage and (ii) identifying any exclusions. Each Party shall promptly notify the other of any material adverse alterations to the terms of this policy or decreases in the amounts for which insurance is provided.

9.5 Limitation on Damages

(a) Maximum Liability. Except with respect to the [**] of Patheon, or a breach by Patheon of its obligations under [**], Patheon's maximum liability to Pacira under this Agreement for any reason whatsoever, including, without limitation, any liability arising under Sections 2.7, 2.8, 3.11, 3.13 or 9.2 hereof or resulting from any and all breaches of its representations, warranties, or any other obligations under this Agreement in each calendar year will not exceed [**] of the revenues received by Patheon pursuant to this Agreement in said calendar year, up to the maximum amount of [**]. For the purposes of this Section 9.5(a), "calendar year" shall mean each consecutive 12 calendar month period starting Effective Date up until 1st day of the month following FDA Approval Date (liability cap pro-rated for part calendar years) and thereafter each consecutive 12 calendar month period from 1st of the month following FDA Approval Date.

(b) EXCEPT WITH RESPECT TO A PARTY'S BREACH OF ITS OBLIGATIONS UNDER [**], NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY (DIRECT OR INDIRECT) LOSS OF PROFITS, OR SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUSINESS INTERRUPTION OR LOST PROFITS; PROVIDED, HOWEVER, THIS EXCLUSION IS NOT INTENDED TO, NOR SHALL, EXCLUDE ACTUAL OR COMPENSATORY DAMAGES OF THE AFFECTED PARTY, INCLUDING SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OWED TO THIRD PARTIES AS A RESULT OF A CLAIM PURSUANT TO THE INDEMNIFICATION OBLIGATIONS HEREOF.

(c) The limitations set forth in Section 9.5(a) and 9.5(b) shall not act to exclude or limit either Party's liability for personal injury or death caused by the negligence of that Party, or for fraudulent misrepresentation.

(d) Sole & Exclusive Remedies. Notwithstanding anything in this Article 9 (including Patheon's indemnification obligations set forth in Section 9.2) to the contrary:

(i) Except as described in Section 9.5(c) above, Patheon's sole liability and Pacira's sole and exclusive remedy for Non-Conforming Product based on or caused by a Patheon Nonconformance shall be the rights and remedies set forth in Section 2.8, 3.11 and 3.13 of this Agreement.

(ii) Patheon's sole liability and Pacira's sole and exclusive remedy for Patheon's failure to Manufacture the full quantity of Product specified in a Purchase Order by the Agreed Delivery Date shall be the rights and remedies set forth in Section 2.7 of this Agreement.

9.6 Product Liability Claims. As soon as it becomes aware, each Party will give the other prompt written notice of any defect or alleged defect in a Product, any injury alleged to have occurred as a result of the use or application of the Product, and any circumstances that may give rise to litigation or recall of a Product or regulatory action that may affect the sale or Manufacture of a Product, specifying, to the extent the Party has such information, the time, place, and circumstances thereof and the names and addresses of the persons involved. Each Party will also furnish promptly to the other copies of all papers received in respect of any claim, action, or suit arising out of such alleged defect, injury, or regulatory action.

9.7 Allocation of Risk. This Agreement (including, without limitation, this ARTICLE IX) is reasonable and creates a reasonable allocation of risk for the relative profits the Parties each expect to derive from the Products.

ARTICLE X. MISCELLANEOUS

10.1 Notices. Notwithstanding that advance notification of any notices or other communications may be given by facsimile or electronic mail transmission, all notices or other communications that shall or may be given pursuant to this Agreement shall be in writing and shall be deemed to be effective (a) when delivered if sent by registered or certified mail, return receipt requested, or (b) on the next business day, if sent by overnight courier, in each case to the Parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid:

If to Pacira:

Pacira Pharmaceuticals, Inc.

Attn: Legal Affairs Department – Kristen Williams

Telephone:

Facsimile:

If to Patheon:

Attention:

Patheon UK Limited

Executive Director & General Manager

Kingfisher Drive, Covingham

Swindon, Wiltshire SN3 5BZ

England

Facsimile:

with copy to

Legal Director.

10.2 Force Majeure. Neither Party shall be liable for delay in delivery, performance or nonperformance, in whole or in part, nor shall the other Party have the right to terminate this Agreement except as otherwise specifically provided in this Section 10.2 where such delay in delivery, performance or nonperformance results from acts beyond the reasonable control and without the fault or negligence of such Party including, but not limited to, the following conditions: fires, floods, storms, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorism, insurrections, riots, civil commotion, or acts, omissions, or delays in acting by any governmental authority; provided that the Party affected by such a condition shall, within five (5) days of its occurrence, give notice to the other Party stating the nature of the condition, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is reasonably required, and the nonperforming Party shall use its commercially reasonable efforts to remedy its inability to perform; provided, however, that in the event the suspension of performance continues for ninety (90) days after the date of the occurrence, and such failure to perform would constitute a material breach of this Agreement in the absence of such force majeure event, the non-affected Party may terminate this Agreement immediately by written notice to the affected Party.

10.3 Independent Contractor. The Parties to this Agreement are independent contractors. Nothing contained in this Agreement shall be construed to place the Parties in the relationship of employer and employee, partners, principal, and agent or a joint venture. Neither Party shall have the power to bind or obligate the other Party nor shall either Party hold itself out as having such authority.

10.4 Waiver. Save where expressly stated to the contrary in this Agreement, including Sections 2.8, 3.11, 3.13, 8.2, 8.4 and 9.5, no waiver by either Party of any provision or breach of this Agreement shall constitute a waiver by such Party of any other provision or breach, and no such waiver shall be effective unless made in writing and signed by an authorized representative of the Party against whom waiver is sought. No course of conduct or dealing

between the Parties will act as a modification or waiver of any provision of this Agreement. Either Party's consent to or approval of any act of the other Party shall not be deemed to render unnecessary the obtaining of that Party's consent to or approval of any subsequent act by the other Party.

10.5 Entire Agreement. This Agreement (together with all Exhibits and Schedules hereto, which are hereby incorporated by reference), the Strategic Co-Production Agreement, the Quality Agreement, the Confidentiality Agreement, and the Technical Transfer Agreement constitute the final, complete, and exclusive agreement between the Parties relating to the subject matter hereof and supersede all prior conversations, understandings, promises, and agreements relating to the subject matter hereof. Neither Party has relied upon any communications, representations, terms or promises, verbal or written, not set forth herein. No terms, provisions or conditions of any purchase order or other business form or written authorization used by Pacira or Patheon will have any effect on the rights, duties, or obligations of the Parties under or otherwise modify this Agreement, regardless of any failure of Pacira or Patheon to object to the terms, provisions, or conditions unless the document specifically refers to this Agreement and is signed by both Parties.

10.6 Assignment; Change of Control

. This Agreement may not be assigned by Patheon without the prior written consent of Pacira. Notwithstanding the foregoing, Patheon may assign this Agreement to a Patheon Affiliate or to an acquirer or successor in interest in connection with a Change of Control of Patheon without the prior written consent of Pacira, provided that Patheon provides Pacira with written notice of any such assignment and, provided further, that in the event of a Change of Control of Patheon, Pacira shall be entitled to exercise the rights set forth in Schedule 10.6. This Agreement shall be binding upon and inure to the benefit of Pacira and Patheon and their respective successors, heirs, executors, administrators, and permitted assigns.

10.7 Amendment; Modification. This Agreement may not be amended, modified, altered, or supplemented except by a writing signed by both Parties. No modification of any nature to this Agreement and no representation, agreement, arrangement, or other communication shall be binding on the Parties unless such is expressly contained in writing and executed by the Parties as an amendment to this Agreement. This Agreement may not be amended in any respect by any purchase order, invoice, acknowledgment, or other similar printed document issued by either Party.

10.8 Governing Law.

(a) The laws of England, whether procedural or substantive (but excluding application of any choice of law provisions contained therein) shall apply to all matters pertaining only to title to and ownership of the Facility and its appurtenances including, without limitation, all rights therein and the creation, exercise and extinction of such rights, obligations and liabilities. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the English Courts. For the avoidance of doubt, except with respect to any rights set forth in Schedule 10.6, the Parties agree that nothing in this Agreement shall (i) grant Pacira any property ownership rights in the Facility or (ii) shall constitute a lease to the Facility.

(b) In all other respects, this Agreement shall be construed under and governed by the laws of the State of New York, New York, U.S.A. without regard to the application of principles of conflicts of law. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the state and federal courts located in the State of New York, New York.

(c) The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, if applicable.

10.9 Compliance with Applicable Laws. Each Party and its Affiliates, and their respective representatives, shall comply with all applicable laws, rules and regulations in the performance of their obligations under this Agreement. Without limiting the foregoing, each Party and its Affiliates, and their respective representatives, shall comply with export control laws and regulations of the country of Manufacture and of the United States. Neither Party nor its Affiliates (or representatives) shall, directly or indirectly, without prior U.S. government authorization, export, re-export, or transfer the Product to any country subject to a U.S. trade embargo, to any resident or national of any country subject to a U.S. trade embargo, or to any person or entity listed on the "Entity List" or "Denied Persons List" maintained by the U.S. Department of Commerce or the list of "Specifically Designated Nationals and Blocked Persons" maintained by the U.S. Department of Treasury. In so far as the same applies to a Party or its Affiliates, each Party and its Affiliates and respective representatives shall comply with the requirements of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd-1, *et seq.*).

10.10 Dispute Resolution.

(a) The Parties recognize that disputes may arise from time to time during the Term of this Agreement that relate to whether either Party has fulfilled its obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of such disputes arising under this Agreement in an expedient manner by mutual cooperation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Section 10.10 if and when a dispute arises under this Agreement.

(b) Unless otherwise specifically recited in the Agreement, disputes between the Parties under this Agreement will be first referred to the Project Manager of each Party as soon as reasonably possible after such dispute has arisen. If the Project Managers are unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Steering Committee. If the Steering Committee is unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Chief Executive Officer of each Party, for attempted resolution by negotiations within [**] after such notice is received. The contact information of the current Chief Executive Officer of each Party is as follows:

For Pacira: David Stack

Telephone:

Facsimile:

Email:

For Patheon: James Mullen

Telephone:

Facsimile:

Email:

10.11 Press Releases; Use of Trademarks. The Parties agree not to disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other Party, save as permitted pursuant to the Confidentiality Agreement. Neither Party shall (a) issue a press release or make any other public statement that references this Agreement or (b) use the other Party's or the other Party's Affiliates' names or trademarks for publicity or advertising purposes, except with the prior written consent of the other Party, save as permitted pursuant to the Confidentiality Agreement or Securities and Exchange Commission filings which are required by Applicable Law, in which instance both Parties shall work together in good faith to agree the disclosure to be made having due and proper regard to their legal obligations. Each Party agrees that it shall cooperate fully and in a timely manner with the other with respect to all disclosures to the Securities and Exchange Commission or any other governmental or regulatory agencies, including requests for confidential treatment of Proprietary Information of either Party included in any such disclosure.

10.12 Severability. If any provision of this Agreement is found by a proper authority to be unenforceable, that provision to the extent it is found to be unenforceable or invalid shall be severed and the remainder of the provision and this Agreement will continue in full force and effect. The Parties shall use their best efforts to agree upon a valid and enforceable provision as a substitute for any invalid or unenforceable provision, taking in to account the Parties' original intent of this Agreement.

10.13 Construction. Unless the context of this Agreement otherwise requires: (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; (d) the terms "Article," "Section," "Exhibit," "Schedule," or "clause" refer to the specified Article, Section, Exhibit, Schedule, or clause of this Agreement; (e) "or" is disjunctive but not necessarily exclusive; and (f) the term "including" or "includes" means "including without limitation" or "includes without limitation." Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless business days are specified. The captions and headings of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The language of this Agreement shall be deemed to be the language mutually

chosen by the Parties, and no rule of strict construction shall be applied against either Party hereto.

10.14 Third Party Beneficiaries. This Agreement is not intended to confer upon any non-party rights or remedies hereunder, except as may be received or created as part of a valid assignment.

10.15 Further Assurances. Each of the Parties agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

10.16 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original. Electronic or Facsimile signatures shall be treated as original signatures.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

PATHEON UK LIMITED:	**PACIRA PHARMACEUTICALS, INC.**:
By: /s/ James Mullen	By: /s/ David Stack
Name: James Mullen	Name: David Stack
Title: CEO	Title: President, CEO and Chairman

Schedule 1.47
Footprint

[**]

Schedule 1.49
Materials

This Schedule 1.49 shall be revised prior to Product commercial launch, based on the Parties' most recent usage experience rate.

[**]

The Parties will update this Schedule 1.49 every 6 calendar months commencing first commercial Product manufacture to provide up to date costs for the Materials for the purposes of, and to be used, in calculating any yield liability pursuant to Section 2.8(f).

Schedule 1.82
Product Dosage Forms (or Product Presentations)

Product	Dosage Form	Target Fill Volume
EXPAREL®·1.3% (Bupivacaine liposome injectable suspension)	Type I 20mL vial (13mm neck)	266 mg/20 mL (13.3 mg/mL)

Schedule 2.1(a)

I. Base Fee

Patheon will charge a monthly Base Fee per Manufacturing Suite, as forth below:

[**]

For the avoidance of doubt, the Base Fee will accrue under either the Technical Transfer Agreement, or this Agreement, but not both.

With respect to Manufacturing Suite A-2 only, the following shall apply:

[**]

Should Manufacture at Manufacturing Suite A-2 cease in accordance with the preceding paragraphs, Pacira shall provide not less than [**] notice if it wishes Patheon to resume Manufacture at the Manufacturing Suite. During such notice period and thereafter, the Base Fee discount will not apply, and the full Base Fee will be payable for the Manufacturing Suite.

The Base Fee stated herein is calculated as at the [**]. The Base Fee will be adjusted on [**] to reflect any increase in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the previous 12 months.

II. Product Fees

[**]

Product Fees assume (i) the Manufacture and Secondary Packaging for individual destinations in minimum order quantities of a whole filled batch of circa [**]; (ii) that the Territory only includes the U.S.; (iii) >[**] of the Product ordered by Pacira will be Labelled and Secondary Packaged Vials.

[**]

In the event Pacira wishes Patheon to supply [**] or less of the Product as Labelled and Secondary Packaged prices for supply of part Labelled and Packaged in Bulk will be agreed in good faith between the Parties.

Compensation Structure

Base Fee and Product Fees include:

[**]

Materials:

Cost allocation for the procurement of Materials is set forth in Section 2.2 of this Agreement and Section 2.12 of the Technical Transfer Agreement.

III. Bill Back Items:

The following shall be considered Bill Back Items:

[**]

IV. Additional Services:

The following shall be considered Additional Services and will be invoiced to Pacira at the price given below. If no price is provided here then Patheon will provide a quotation for the activity required at the request of Pacira:

- Regulatory writing activities – *e.g.*, writing CMC section, regulatory support, and preparation of annual product reviews (other than the Reports described in Section 3.12 of this Agreement and included in the Base Fees) at [**];
- Routine periodic auditing of component and Materials suppliers currently not on Patheon's approved list of suppliers as further described in Section 2.2(b) (charged at [**]; the costs associated with travel, business expenses, supplier fees, etc. (if applicable) will be charged at cost).
- Complete QC testing of API and lipids (limited testing for qualified vendors included in the product fees)
- Artwork origination and update costs, such as supplier costs, plates or cylinders;
- Any specific visual inspection of the bulk or of the finished products outside of standard release testing;
- Any specific shipment preparations for specific countries;

- Stability program: Based on the information provided by Pacira the estimate per time point, per batch per condition is [**]. Patheon will make a detailed assessment and supply an accurate revised price for this work on provision of the full testing specification and analytical methods.
- Disposal of engineering batches;
- Services resulting from a change in Applicable Law related to the Product or Pacira Manufacturing Process.
- Special projects as mutually agreed by the Parties.

Schedule 2.1(b)
Tiered Product Fees

Labelled and secondary packaged vials:

[**]

- Year 1 will be the first 12 calendar months starting 1st day of the month following FDA Approval Date.
- All invoicing will occur at contracted rate for the year. Adjustment for the tiered product fees will be invoiced/credited by Patheon at the end of each Year 1, Year 2, Year 3, Year 4 and Year 5.
- Safety stock will count towards the calculation of annual volume in Schedule 2.3(d).

Should the Parties agree to extend the product dosage form to include vials of any size other than 20ml, the Parties shall in good faith agree on the ratio that such vials shall count towards the volumes forth in Schedule 2.3(d).

Schedule 2.2(e)

Patheon Insurance Coverage

Patheon will maintain property damage insurance not less than [**] per claim and in the aggregate per annum. The cover will be maintained subject to such deductibles and exclusions as agreed to by Patheon in line with market conditions and customary industry practice in the CMO Industry or as imposed by insurers at the time.

Schedule 2.3(d)
Pacira Annual Volume Forecast

Product	Annual Volume Forecast (Vials)				
	Year 1	Year 2	Year 3	Year 4	Year 5 and thereafter
EXPAREL®	[**]	[**]	[**]	[**]	[**]

The years stated herein are measured from the FDA Approval Date.

Schedule 2.8(f)
Expected Yield Rate

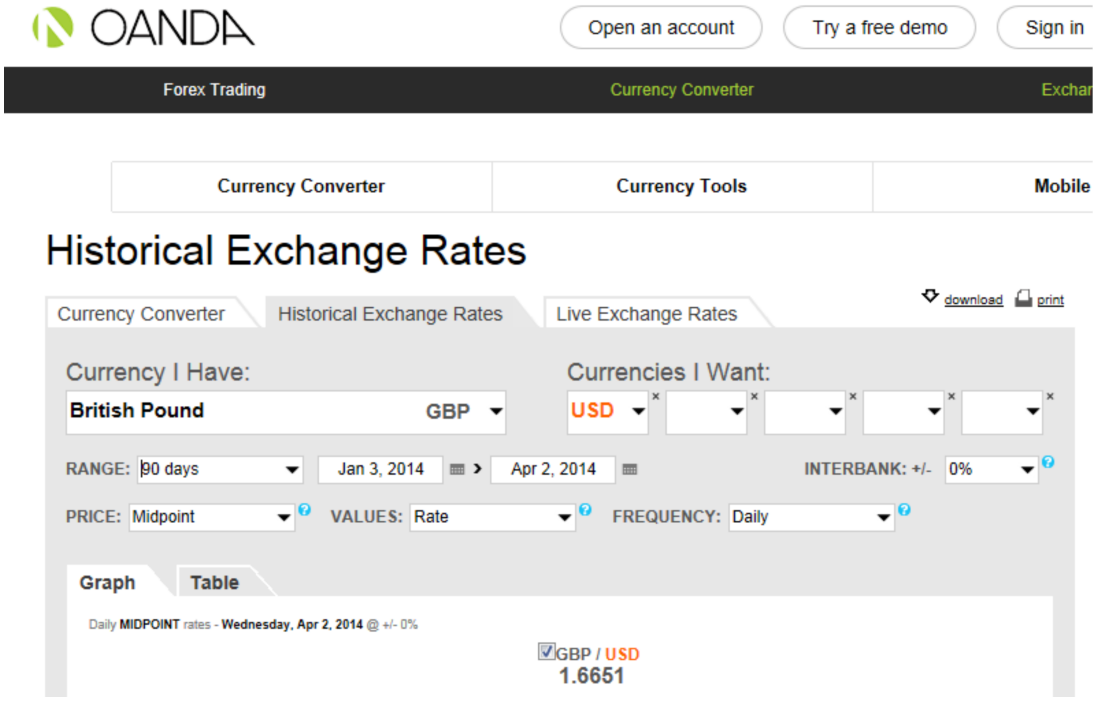
Measuring Period	Expected Yield Rate
[**]	[**]
[**]	[**]
[**]	[**]

The Yield will be calculated by dividing (x) the total number of saleable batches Manufactured by Patheon including those non conforming batches not due to a Patheon Nonconformance but excluding Patheon Nonconformance batches by (y) (the total number of batches initiated by Patheon).

For avoidance of doubt, an example is attached to demonstrate calculation of Yield and batches that will be subject to Patheon reimbursement.

[**]

Schedule 4.4
Example Exchange Rate Fluctuation Mechanism



Initial Exchange rate 1.0000 GBP / 1.6651 USD
Set Exchange rate 1.0000 GBP / 1.6800 USD

Initial Price USD 6.29
Revised price before Fx* USD 6.32

*reflects any inflationary change according to RPIJ www.ons.gov.uk and any effects of improved efficiencies etc.

Calculation

Revised Price After Fx = Revised price before Fx x (Set exchange rate / Initial exchange rate)
= 6.32 x (1.6800/1.6651)
= USD 6.377

Schedule 6.4(a)

Patents

[**]

Schedule 10.6
Change of Control

[**]

PORTIONS OF THIS EXHIBIT MARKED BY [**] HAVE BEEN OMITTED PURSUANT TO RULE 601(B)(10) OF REGULATION S-K. THE OMITTED INFORMATION IS (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

TECHNICAL TRANSFER AND SERVICE AGREEMENT

This **TECHNICAL TRANSFER AND SERVICE AGREEMENT** (this "Agreement"), dated as of April 4, 2014 (the "Effective Date"), is made by and between Pacira Pharmaceuticals, Inc., a California corporation having its principal place of business at 5 Sylvan Way, Parsippany, NJ 07054, United States ("Pacira"), and Patheon UK Limited, a company incorporated in England and Wales having its principal place of business at Kingfisher Drive, Covingham, Swindon, SN35BZ, United Kingdom ("Patheon"). Pacira and Patheon are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Pacira has a commercial interest in the manufacture, packaging and commercialization of a bupivacaine liposome injectable suspension delivered through Pacira's proprietary DepoFoam® technology and manufactured using the Pacira Manufacturing Process, which is presently sold in the United States by Pacira under the trademark EXPAREL® and may be sold in the future in and outside of the United States under the EXPAREL® trademark or any other trademarks, by Pacira or its licensees (the "Product");

WHEREAS, concurrently herewith, the Parties are executing a strategic co-production agreement (the "Strategic Co-Production Agreement") and a manufacturing and supply agreement (the "Manufacturing and Supply Agreement") pursuant to which Patheon would be a manufacturer, packager, and supplier of the Product; and a Confidentiality Agreement (defined below) for the purpose of protecting each Party's Proprietary Information; and

WHEREAS, in anticipation of the Manufacturing and Supply Agreement and the goods and services that Patheon will supply thereunder, the Parties desire to enter into a binding agreement pursuant to which Patheon would undertake certain technical transfer and construction services in order to validate and scale up portions of Pacira's technology package and prepare Patheon's facilities for the manufacture and packaging of the Product;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants of the Parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE 1

DEFINITIONS

The following terms will have the meanings set forth below. Unless the context indicates otherwise, the singular will include the plural and the plural will include the singular. Any term not defined hereunder shall have the meaning ascribed to such term in the Manufacturing and Supply Agreement.

1.1 "Act" means the United States Federal Food, Drug and Cosmetic Act, as amended.

1.2 "Additional Services" means any services requested and approved by Pacira that supplement Patheon's regular performance of the Services as described in Schedule 2.1(a) of the Manufacturing and Supply Agreement.

1.3 "Affiliate(s)" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For the purposes of this Section 1.3 only, a Person will be regarded as in control of another Person if such Person owns, or directly or indirectly controls, more than 50% of the voting securities (or comparable equity interests) or other ownership interests of the other Person, or if such Person directly or indirectly possesses the power to direct or cause the direction of the management or policies of the other Person, whether through the ownership of voting securities, by contract, or any other means whatsoever.

1.4 "Agreement" has the meaning set forth in the preamble hereto.

1.5 "API" means the active pharmaceutical ingredient bupivacaine.

1.6 "Applicable Law" means applicable United States and foreign federal, state, and local laws, orders, rules, regulations, guidelines, standards, customs and ordinances, including, without limitation, (to the extent they are applicable) those of the FDA (including the Act), and those of the EMA, and those of any comparable foreign Regulatory Authorities.

1.7 "Base Fee" means the monthly fee paid by Pacira in consideration for the Services, as more specifically set forth in Exhibit 2.2-A attached to this Agreement and Schedule 2.1(a) of the Manufacturing and Supply Agreement. For the avoidance of doubt, Base Fees do not include Capital Expenditures, Product Fees (as defined in the Manufacturing and Supply Agreement), Material Costs (as defined in the Manufacturing and Supply Agreement), or charges for Bill Back Items or Additional Services.

1.8 "Bill Back Items" means items and services set forth in Schedule 2.1(a) of the Manufacturing and Supply Agreement that are used or necessary in connection with the Manufacture of the Products and which result in a nominal cost to Pacira.

1.9 "Capital Expenditures" has the meaning set forth in Section 2.2.

1.10 "**[**]** Filling Area" has the meaning set forth in Section 2.1.

1.11 "Certificate of Analysis" has the meaning set forth in Section 1.9 of the Manufacturing and Supply Agreement.

1.12 "Change of Control" has the meaning set forth in Schedule 10.6 of the Manufacturing and Supply Agreement.

1.13 "Claim" has the meaning set forth in Section 7.3(a).

1.14 "Completion of the Tech Transfer" has the meaning set forth in Section 8.2.

1.15 "Confidentiality Agreement" has the meaning set forth in Section 3.1.

1.16 "Control" or "Controlled" means ownership or the right by a Party to assign or grant a license or sublicense under intellectual property rights to the other Party of the scope set forth herein, without breaching the terms of any agreement with a Third Party.

1.17 "Discretionary Manufacturing Changes" has the meaning set forth in Exhibit 2.1-F.

1.18 "Effective Date" has the meaning set forth in the Preamble.

1.19 "EMA" means the European Medicines Agency.

1.20 "Equipment" means any equipment used in the Manufacture of the Product.

1.21 "Exploit" means to make, have made, import, use, sell, offer for sale, or otherwise dispose of the Product or process, including the research, development (including the conduct of clinical trials), registration, modification, enhancement, improvement, manufacture, storage, formulation, optimization, export, transport, distribution, promotion, or marketing of the Product or process.

1.22 "Facility" means the facility of Patheon located at Kingfisher Drive, Swindon, Wiltshire SN3 5BZ, United Kingdom.

1.23 "FDA" means the United States Food and Drug Administration and any successor organization thereto and all agencies under its direct control.

1.24 "FDA Approval Date" means the date of receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product from Manufacturing Suite A-2.

1.25 "GMP" means the current good manufacturing practices applicable from time to time to the Manufacturing of the Product, or any intermediate of the Product, pursuant to Applicable Law, including those promulgated under the Act at 21 C.F.R. (chapters 210 and 211), and those promulgated under EC Directive 2003/94/EC, together with the latest FDA and EMA guidance documents pertaining to manufacturing and quality control practices, all as updated, amended and revised from time to time.

1.26 "Indemnification Claim Notice" has the meaning set forth in Section 7.3(a).

1.27 "Indemnified Party" has the meaning set forth in Section 7.3(a).

1.28 "Indemnifying Party" has the meaning set forth in Section 7.3(a).

1.29 "Key Technical Assumptions" has the meaning set forth in Exhibit 2.1-D.

1.30 "Loss" means any claims, lawsuits, judgments, suits, actions, losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements).

1.31 "Maintenance" means the maintenance of Equipment and Facilities in satisfactory operating condition, including the performance of systematic inspection and service of Equipment.

1.32 "Make Good Costs" has the meaning set forth in Section 8.11(c).

1.33 "Manufacture" and "Manufacturing Services" means the manufacturing, processing, formulating, filling, packaging, labeling, storage, handling, and quality control testing of Materials or of a pharmaceutical product.

1.34 "Manufacturing and Supply Agreement" has the meaning set forth in the Preamble.

1.35 "Manufacturing Suite A-2" means the manufacturing suite at the Facility, whose footprint is attached as Exhibit 2.1-A to this Agreement, which footprint and engineering approach shall be revised by the Parties in order to adapt the Manufacturing Suite A-2 to Pacira's Manufacturing Process, as set forth in Section 2.1 hereto.

1.36 "Manufacturing Suite B-2" means the manufacturing suite at the Facility, whose footprint is attached as Exhibit 2.1-A to this Agreement, which footprint and engineering approach shall be revised by the Parties in order to adapt the Manufacturing Suite B-2 to Pacira's Manufacturing Process, as set forth in Section 2.1 hereto.

1.37 "Manufacturing Suites" means Manufacturing Suite A-2, Manufacturing Suite B-2 together with the areas identified in the plan attached as Exhibit 2.1-A as the areas for the Filling and Support Operations and Secondary Operations. The footprint of the Manufacturing Suites is attached as Exhibit 2.1-A to this Agreement. Such footprint is diagrammatic in nature and is intended to generally depict the location and approximate size of current spaces allocated to Pacira. Such footprint may be amended to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, materials, personnel, waste stream process flows, equipment sizing and utility requirements.

1.38 "Materials" means all API, lipids, excipients and processing aids, and processing, filling and packaging components, used in connection with the Manufacture of the Product and listed in Schedule 1.49 of the Manufacturing and Supply Agreement, as amended prior to Product launch, based on the Parties' most recent usage experience rate, and to reflect changes to the Specifications.

1.39 "NDA" means the new drug application for a product, including the Product, requesting permission to place a drug on the market in accordance with 21 C.F.R. Part 314, and all supplements filed pursuant to the requirements of the FDA, including all documents, data, and other information filed concerning such product that are necessary for FDA approval to market such product in the Territory.

1.40 "NDC" means "national drug code," a unique three-segment number, which is a universal product identifier for human drugs.

1.41 "Pacira" has the meaning set forth in the Preamble.

1.42 "Pacira Indemnified Parties" has the meaning set forth in Section 7.2.

1.43 "Pacira Manufacturing Equipment" has the meaning set forth in Exhibit 2.1-F.

1.44 "Pacira On Site Representative" has the meaning set forth in Section 2.7.

1.45 "Pacira Purchased Patheon Manufacturing Equipment" has the meaning set forth in Exhibit 2.1-F.

1.46 "Pacira's Manufacturing Process" means Pacira's proprietary process for Manufacturing the Product, and each intermediate of the Product, using the DepoFoam® technology as approved by the FDA as of the Effective Date.

1.47 "Party" or "Parties" has the meaning set forth in the Preamble.

1.48 "Patheon" has the meaning set forth in the Preamble.

1.49 "Patheon Indemnified Parties" has the meaning set forth in Section 7.1.

1.50 "Patheon Manufacturing Equipment" has the meaning set forth in Exhibit 2.1-F.

1.51 "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other similar entity or organization, including a government or political subdivision, department, or agency of a government.

1.52 "Process Support and Validation Fees" has the meaning set forth in Section 2.2.

1.53 "Product" has the meaning set forth in the Recitals hereto, in finished, packaged form or finished, unpackaged form, according to the Specifications.

1.54 "Project Manager" has the meaning set forth in Section 2.7(c).

1.55 "Proprietary Information" has the meaning set forth in the Confidentiality Agreement.

1.56 "Quality Agreement" has the meaning set forth in Section 3.1 of the Manufacturing and Supply Agreement.

1.57 "Regulatory Approval" means any and all approvals (including pricing and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority necessary to Exploit the Product in any country in the Territory, including any (a) approval of a Product, Marketing Authorization and supplements and amendments thereto; (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto); (c) labeling approval; and (d) technical, medical, and scientific licenses.

1.58 "Regulatory Authority" means any applicable supra-national, federal, national, regional, state, provincial, or local regulatory agencies, departments, bureaus, commissions, councils, or other government entities regulating or otherwise exercising authority with respect to the Exploitation of the Product in the Territory.

1.59 "Remediation Period" has the meaning set forth in Section 8.5.

1.60 "Required Manufacturing Changes" has the meaning set forth in Exhibit 2.1-F.

1.61 "Services" means the (a) Manufacturing Services performed by Patheon pursuant to the Manufacturing and Supply Agreement; and (b) the Transfer Services performed by Patheon under this Agreement.

1.62 "Specifications" means the specifications for each presentation of Product (*i.e.*, the dosage forms in Schedule 1.82 of the Manufacturing and Supply Agreement) given by Pacira to Patheon relating to the specifications of the Materials; the manufacturing specifications, directions and processes; the storage requirements; all environmental, health and safety information for the Product including material safety data sheets and the finished Product specifications, packaging specifications and shipping requirements for the Product, as amended,

modified, or supplemented from time to time in accordance with the specifications set forth in the applicable NDA for the Product.

1.63 "Steering Committee" has the meaning set forth in the Strategic Co-Production Agreement.

1.64 "Strategic Co-Production Agreement" has the meaning set forth in the Recitals.

1.65 "Suite A-2 IOQ" means the completion of the installation qualification and operational qualification of Manufacturing Suite A-2's Equipment, computer systems, utilities and manufacturing area, enabling the initiation of technical transfer activities as indicated by the delivery by Patheon to Pacira of the interim IOQ report for Manufacturing Suite A-2.

1.66 "Suite B-2 IOQ" means the completion of the installation qualification and operational qualification of Manufacturing Suite B-2's Equipment, computer systems, utilities and manufacturing area, enabling the initiation of technical transfer activities as indicated by the delivery by Patheon to Pacira of the interim IOQ report for Manufacturing Suite B-2.

1.67 "Technology" means (a) any discovery, improvement, process, formula, data, invention, know-how, trade secret, procedure, device, proprietary methods and materials, or other intellectual property (including any enhancement in the Manufacture, the Equipment, formulation, ingredients, preparation, dosage form, means of delivery, dosage, or packaging of the Product or any discovery or development of a new or improved delivery process for the Product or indication for the Product), (i) whether or not patentable, and (ii) whether developed, conceived, or created by employees of, or consultants to, Pacira or Patheon, alone or jointly with each other or with permitted third parties (including permitted sublicensees); and (b) the rights and interests in and to issued patents and pending patent applications (which for purposes of this Agreement shall be deemed to include certificates of invention and applications for certificates of invention and priority rights) with respect to matters described in clause (a) in any country, including all provisional applications, substitutions, continuations, continuations-in-part, divisions, and renewals, all letters patent granted thereon, and all reissues, reexaminations and extensions thereof, Controlled by a Party. The term "Technology" will include any modification of, improvement to, or derivative work of the Product or then-existing patent rights and technology that are useful with respect to the activities hereunder and that are Controlled by a Party.

1.68 "Term" has the meaning set forth in Section 8.1.

1.69 "Territory" means [**].

1.70 "Third Party" means a Person who is neither a Party nor an Affiliate of a Party.

1.70 "Timeline" has the meaning set forth in Section 2.1.

1.71 "Transfer Services" means the services rendered under this Agreement, as described in Section 2.1 and in the Exhibits attached to this Agreement, based on the Key Technical Assumptions stated therein.

1.72 "Transfer Services Termination Costs" has the meaning set forth in Section 8.11(d).

ARTICLE 2

TRANSFER SERVICES

2.1 Description of Transfer Services. Patheon will (a) provide engineering and construction services, directly or using third parties, to construct Manufacturing Suite A-2 and Manufacturing Suite B-2 in accordance with the engineering approach and the footprints set forth in Exhibit 2.1-A of this Agreement, as it may be amended, and the projected capital requirements set forth in Exhibit 2.1-B, (b) procure and/or validate the Equipment necessary to Manufacture the Product in accordance with Exhibit 2.1-F and perform the Transfer Services set forth in Exhibit 2.1-C, (c) [**], and (d) provide other services set forth in Exhibit 2.1-D in order to validate and implement Pacira's Manufacturing Process for the Product in compliance with the Quality Agreement, GMP and the Specifications and register the Facility to Manufacture the Product (collectively, the "Transfer Services"). Patheon will perform the Transfer Services in a professional manner, to facilitate the Regulatory Approval of the Manufacturing Suites as the manufacturing, testing, and packaging sites for the Product, and so that the Product is Manufactured and tested in accordance with Pacira's Manufacturing Process and the NDA submitted by Pacira for the Product, including testing and releasing (limited to identification testing and inspection of Certificates of Analysis) all Materials according to the NDA-approved Specifications and test methods. Patheon will use its commercially reasonable efforts to complete the Transfer Services in a timely fashion in accordance with the schedule set forth in Exhibit 2.1-E (the "Timeline"). The Parties will cooperate with one another in the performance of this Agreement in good faith.

2.2 Payments for Transfer Services. The Parties acknowledge and agree that Patheon's sole consideration for the Transfer Services performed hereunder is (a) the payment of the Base Fees, as set forth in Exhibit 2.2-A of this Agreement, (b) the payments associated with the Equipment, Manufacturing Suite construction and related process and support and validation services, each in accordance with the capital requirements set forth in Exhibit 2.1-B (together, the "Capital Expenditures"); (c) charges for Bill Back Items; and (d) charges for Additional Services. In no event shall the Capital Expenditures exceed the Grand Total indicated in Exhibit 2.1-B by more than [**], unless otherwise mutually agreed by the Parties in writing. All payments from Pacira to Patheon hereunder will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV of the Manufacturing and Supply Agreement. Notwithstanding the foregoing, Patheon will invoice Pacira for the "Process Support and Validation" component of the Capital Expenditures ("Process Support and Validation Fees") in accordance with the payment schedule set forth in Exhibit 2.2-B. All invoices from Patheon to Pacira for Capital Expenditures shall include all (if any) applicable invoices from vendors for the supply, transportation, installation, and commissioning of the Equipment that pertain to the Transfer Services invoiced by Patheon.

2.3 Modifications. The Parties may modify and agree upon the definitive engineering approach, footprints of the Manufacturing Suites, or the Timeline, taking into account parameters such as the exact design of the space, space classifications, code requirements, Equipment, materials, personnel, waste stream process flows, equipment sizing and utility requirements. Any such modifications shall be discussed by the Parties and agreed in writing including as to any consequential fees and costs or savings relating thereto, duly executed by the Parties.

2.4 Pacira's Responsibilities.

(a) To assist Patheon in its performance of the Transfer Services under this Agreement, Pacira shall at its expense (i) provide Patheon DDP Incoterms 2010 the Facility all Pacira's Manufacturing Equipment in a timely fashion on request by Patheon; (ii) provide Patheon in a timely fashion with relevant information, documentation, and data relating to (1) Pacira's Manufacturing Process, (2) the Equipment necessary to Manufacture the Product in accordance with Pacira's Manufacturing Process, and to (3) Product safety and information, documentation, and data, including NDA numbers, NDC codes, "CMC" sections of NDAs, validation protocols, validation reports, method validation protocols, method validation reports, and other documents necessary or reasonably requested by Patheon for Patheon to Manufacture the Product, provide the Transfer Services or otherwise necessary or appropriate for Patheon's performance hereunder, and (iii) Materials pursuant to Section 2.12. If requested by Patheon to provide support or information, Pacira shall provide such reasonable and necessary support or information in order to enable Patheon to perform the Transfer Services under this Agreement as soon as reasonably possible and in any event within fifteen (15) business days of Patheon's request (or will provide an explanation of the legitimate reason for any delay and a projected date by which such support or information will be provided). In the event Pacira is to review or approve any information, documentation, data, or samples prepared or supplied by or on behalf of Patheon, it will complete such review and approval process as soon as reasonably possible and in any event within fifteen (15) business days of Patheon's request.

(b) It is understood and acknowledged by the Parties that Pacira will retain ownership of the NDA to the Product, and any supplements thereto, and is responsible for the NDA submission documents and all correspondence with the FDA and other competent Regulatory Authority concerning the Product, other than submission documents and correspondence associated with GMP inspections of the Facility; provided, however, that Section 2.9 of this Agreement and Section 3.6 of the Manufacturing and Supply Agreement will govern the ownership of the intellectual property rights described or disclosed in such NDA and supplements.

(c) Pacira shall have the sole responsibility for the filing of all documents with all applicable Regulatory Authorities, and to take any other actions that may be required for the receipt of Regulatory Approval for the development or commercial manufacture of the Product. Pacira will, at its expense and in cooperation with Patheon, use commercially reasonable efforts to diligently and proactively pursue Regulatory Approval for Patheon's Manufacture of the Product at the Facility in a timely fashion in accordance with the Timeline. Without limiting such obligation, Pacira shall be responsible for filing the NDA submission documents, drug listing the Product, and completing all correspondence with the FDA concerning the Product. Pacira agrees that it will use commercially reasonable efforts to file the "CMC" sections for the Product with the FDA as soon as possible after Patheon has provided to Pacira the data, sterility assurance information (*e.g.*, completed aseptic validation information written and compiled in support of the NDA filing) and reports required for Pacira to complete the "CMC" sections, in a form acceptable to Pacira and Patheon (which acceptance shall not be unreasonably withheld or delayed) . All documentation and data provided by Patheon in support of the NDA filing shall be accurate and true and will reflect the current processes and procedures in place at Patheon.

(d) Where documents or data generated by Patheon in relation to the Transfer Services are to be filed by Pacira with any Regulatory Authority and such filing includes data or information pertaining to a Patheon Regulatory Obligation (as such term is defined in the Manufacturing and Supply Agreement), prior to filing any such documents and data with the Regulatory Authority, Pacira shall provide Patheon with a copy of the documents incorporating such data so as to give Patheon the opportunity to review the accuracy of such documents as it relates to the Patheon Regulatory Obligation in accordance with the review and comment procedures set forth in Section 3.16 of the Manufacturing and Supply Agreement (including the process for resolution of inaccuracies set forth in Section 3.16(c) thereto). Notwithstanding anything in Section 3.16 of the Manufacturing and Supply Agreement to the contrary: (i) at least twenty one (21) calendar days prior to filing with the Regulatory Authority any documentation which is or is equivalent to the Quality document portion (Drug Product section) of the U.S. Investigational New Drug application, the EU Clinical Trial application and Investigational Medicinal Product Dossier, the Common Technical Document module 3 (Drug Product section) of the US New Drug Application, U.S. Biological License Application, or the EU Marketing Authorization Application, as the case may be, Pacira shall provide Patheon with a copy of the Initial Draft (defined in the Manufacturing and Supply Agreement) of such portion so as to permit Patheon to verify that the Initial Draft accurately describes the development and validation work Patheon has performed and the manufacturing and control processes that Patheon will perform pursuant to this Agreement; (ii) Patheon shall provide comments regarding such Initial Draft no later than seven (7) days prior to the required filing date with the applicable Regulatory Authority (including notifying Pacira of any identified inaccuracies); and (iii) Pacira shall deliver a copy of the Final Filing (as defined in the Manufacturing and Supply Agreement) to Patheon at least three (3) days prior to the required filing date.

2.5 Patheon's Responsibilities. Patheon will, at its expense, in consideration for the payments and reimbursements set forth in Section 2.2, provide the Transfer Services in a professional and diligent manner, and use its commercially reasonable efforts to complete the Transfer Services in a timely fashion in accordance with the Timeline. Patheon will provide to Pacira all data and documentation necessary to support Pacira's submissions to the FDA, or any responses to questions raised by the FDA with respect to those Transfer Services, that are necessary for Regulatory Approval of the Facility as the manufacturing, testing, and packaging site for the Product. Patheon will promptly notify Pacira in writing and by telephone if an authorized agent of a Regulatory Authority visits Manufacturing Suite A-2 or Manufacturing Suite B-2, or any other location in the Facility where the Product is being manufactured, packaged, stored or quality tested, will permit Pacira or its agents to be present at the Facility in order to support Patheon during such visit or inspection. Responsibility for the remediation of any issue detected during such visit or inspection shall be borne by the Party responsible for such issue (*i.e.*, with respect to Pacira, issues pertaining to the Pacira Manufacturing Process, Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment, and with respect to Patheon, issues pertaining to the Facility and all other Equipment). Patheon will provide copies of regulatory correspondence related to such inspection in accordance with the review and comment procedures set forth in Section 3.16 of the Manufacturing and Supply Agreement.

2.6 Equipment. The Parties shall procure, supply, install, commission and validate the Equipment in compliance with (a) Exhibit 2.1-F; (b) the capital requirements set forth in Exhibit 2.1-B and (c) the "Qualification and Validation" process set forth in Exhibit 2.1-C. Patheon is authorized to use the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment pursuant to Exhibit 2.1-F solely for the purposes of performing the Transfer Services.

2.7 Pacira On Site Representatives; Reporting of Results; Project Managers.

(a) Pacira shall have the right at all times throughout the Term to have a reasonable number of representatives (each, a "Pacira On Site Representative") present in that portion of the Facility that is being constructed or used to Manufacture the Product or store Materials, to observe the procedures and processes used to Manufacture the Product or to perform the activities associated with the transfer of Pacira's Technology hereunder. The Pacira On Site Representatives shall have full access to the Manufacturing Suites and to the non-financial records that relate to the Product, and all records pertaining to any Materials and to Third Party invoices specifically recharged by Patheon to Pacira as a Capital Expenditure or Bill Back Item. For the avoidance of doubt, the term "non-financial records" as used in this Agreement does not include the Reports (defined in Section 3.12 of the Manufacturing and Supply Agreement). Patheon shall provide reasonable (temporary) on-site accommodations at the Facility for the Pacira On Site Representatives (*e.g.*, conference room facilities). Pacira On Site Representatives shall observe at all times Patheon's policies and procedures (as amended from time to time) as they pertain to the Facility, including policies relating to health and safety and compliance; provided that Pacira is given notice of such policies and given a reasonable period of time to review and implement such policies. Pacira will comply with all reasonable directions of Patheon in relation to the same. Patheon may refuse or limit in its sole discretion at any time admission to the Facility by any Pacira On Site Representative who fails to observe such policies or comply with such reasonable directions. For the avoidance of doubt, Pacira On Site Representatives shall have (i) no management authority over any Patheon employee and (ii) no authority to conclude contracts on behalf of Pacira.

(b) Patheon will respond to Pacira's inquiries regarding the status of the Transfer Services on an ongoing basis, and Patheon will endeavor to keep Pacira informed of interim results of the Transfer Services. Patheon will provide copies of all analytical, cleaning, and process validation protocols, data summaries, reports and all batch records, test methods, and specifications for Pacira's review, comment, and approval prior to implementation and execution. Once such protocols, data summaries, reports, records, methods, and specifications have been approved and executed, Patheon will provide copies to Pacira. Patheon will provide Pacira with information relating to the Equipment to be used in connection with the Manufacture of the Product, which Equipment will be subject to Pacira's review and approval (not to be unreasonably withheld or delayed). Within five (5) business days after Pacira's request, Patheon will provide to Pacira documentation that summarizes the implementation efforts of the Transfer Services at the Facility.

(c) Patheon and Pacira will each appoint a project manager (each, a "Project Manager" and, together, the "Project Managers"), who will meet as needed to resolve any issues or problems associated with the Transfer Services. Patheon will not remove the Patheon Project

Manager without Pacira's prior written consent (not to be unreasonably withheld, conditioned or delayed) except in the event of such Project Manager's promotion, resignation, incapacity or death, or termination for cause. Pacira's Project Manager may be one of the Pacira On Site Representatives. Either Party may request from the other a change of Project Manager, which such request shall be referred to the Steering Committee.

2.8 Dispute Resolution.

(a) The Parties recognize that disputes may arise from time to time during the term of this Agreement that relate to whether either Party has fulfilled its obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of such disputes arising under this Agreement in an expedient manner by mutual cooperation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Section 2.8 if and when a dispute arises under this Agreement.

(b) Unless otherwise specifically recited in the Agreement, disputes between the Parties under this Agreement will be first referred to the Project Manager of each Party as soon as reasonably possible after such dispute has arisen. If the Project Managers are unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Steering Committee. If the Steering Committee is unable to resolve such a dispute within [**] of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Chief Executive Officer of each Party, for attempted resolution by negotiations within [**] after such notice is received. The contact information of the current Chief Executive Officer of each Party is as follows:

For Pacira: David Stack

Telephone:

Facsimile:

Email:

For Patheon: James Mullen

Telephone:

Facsimile:

Email:

2.9 Ownership. The Parties' intellectual property ownership rights relating to the subject matter of this Agreement shall be governed by ARTICLE V of the Manufacturing and Supply Agreement.

2.10 Non-Solicit

(a) During the Term and for a period of [**] after expiration or termination of this Agreement, neither Patheon nor its Affiliates, directly or indirectly, will (i) induce or attempt to induce the Pacira On Site Representatives or any other employee of Pacira or any of its Affiliates

to leave the employ of Pacira or such Affiliate, or in any way interfere with the relationship between Pacira and its Affiliates and any employee thereof; (ii) hire directly or through another Person any individual who was an employee of Pacira or its Affiliates; or (iii) induce or attempt to induce any customer, licensee, licensor or other business relation of Pacira and its Affiliates to cease doing business with Pacira and its Affiliates, or in any way interfere with the relationship between any such customer, licensee, licensor or business relation of Pacira and its Affiliates. The foregoing will not, however, prohibit Patheon or any of its Affiliates from (x) publishing any general public solicitation of employment opportunities; (y) employing anyone who responds to such solicitation, or (z) prospecting or dealing in any way with Persons who have not been introduced to Patheon or any of its Affiliates by Pacira or who are an existing or prospective customer of Patheon or its Affiliates.

(b) During the Term and for a period of [**] after expiration or termination of this Agreement, neither Pacira nor its Affiliates, directly or indirectly, will (i) induce or attempt to induce any employee of Patheon or any of its Affiliates to leave the employ of Patheon or such Affiliate, or in any way interfere with the relationship between Patheon and its Affiliates and any employee thereof; (ii) hire directly or through another Person any individual who was an employee of Patheon or its Affiliates; or (iii) induce or attempt to induce any customer, licensee, licensor or other business relation of Patheon and its Affiliates to cease doing business with Patheon and its Affiliates, or in any way interfere with the relationship between any such customer, licensee, licensor or business relation of Patheon and its Affiliates. The foregoing will not, however, prohibit Pacira or any of its Affiliates from (x) publishing any general public solicitation of employment opportunities or (y) employing anyone who responds to such solicitation.

2.11 Compliance Audits. With the exception of "for cause" audits (e.g., audits arising in the event of regulatory issues or material Product conformity issues), Pacira and its designated representatives shall have the right to audit [**] all applicable non-financial records pertaining to the Product or Patheon's obligations hereunder and non-financial records of Patheon for the purpose of determining Patheon's compliance with the obligations set forth in this Agreement. Pacira shall provide Patheon at least [**] prior advance notice of its intention to conduct such audit and the Parties will determine a mutually agreeable date for such audit. Pacira shall include no more than [**] of Pacira's representatives in each such audit, with each such audit lasting no more than [**], without Patheon's prior written consent.

2.12 Materials. Pacira shall purchase all Materials for the Transfer Services and ship such Materials to Patheon in accordance with this Section 2.12 (except as otherwise mutually agreed to by the parties in writing, in which case such Materials shall be considered Bill Back Items hereunder). All shipments from Pacira to Patheon will be made DDP (Incoterms 2010) the Facility unless otherwise agreed. All shipments of Pacira-supplied Materials, if required, will be accompanied by Certificate(s) of Analysis from the Material manufacturer or Pacira, confirming its compliance with the Material's specifications. Pacira will obtain the proper release of the Pacira-supplied Materials from the applicable customs agency and Regulatory Authority. Pacira or Pacira's designated broker will be the "Importer of Record" for Pacira-supplied Materials imported to the Facility. Pacira-supplied Materials will be held by Patheon on behalf of Pacira as set forth in this Agreement. Title to Pacira-supplied Materials will at all times remain the

property of Pacira or a Pacira Affiliate. Any Pacira-supplied Materials received by Patheon will only be used by Patheon to perform the Services.

2.13 Bill Back Items. Patheon shall invoice Pacira monthly for any Bill Back Items used in connection with the Transfer Services during the preceding month in accordance with ARTICLE IV of the Manufacturing and Supply Agreement. Patheon may only invoice Bill Back Items that have been quoted to and approved in writing by Pacira's Project Manager, or otherwise mutually agreed to by the parties in advance.

2.14 Additional Services. If Pacira is interested in having Patheon perform Additional Services, Pacira will provide Patheon with a written request containing sufficient detail to enable Patheon to provide Pacira with a quote and proposal to provide such Additional Services. Patheon may only invoice for Additional Services that have been quoted to and approved in writing by Pacira's Project Manager. Patheon shall invoice Pacira monthly for any Additional Services performed by Patheon during the preceding month in accordance with ARTICLE IV of the Manufacturing and Supply Agreement.

2.15 Storage. Patheon will provide sufficient storage capacity to support storage of the required quantity of Materials necessary for Transfer Services for up to [**]. Product post manufacture will be stored free of charge for [**] after which Product should be collected by Pacira [**] the Facility (Incoterms 2010) or destroyed at Pacira's cost. Any additional storage, or storage of Materials or Product beyond the [**] stated herein, will be subject to the mutual agreement of the Parties to include the fees relating thereto. [**] for the same in accordance with the following provision. At all times during the Term, [**] will maintain commercial insurance coverage at least as comprehensive as the coverage levels as set forth on [**] of the Manufacturing and Supply Agreement. Should an event arise leading to loss or damage of stored Materials or Product, any insurance proceeds received by [**] will first be paid to [**] for any loss or damage it has suffered, and thereafter to [**] in conjunction with other Persons pro-rated as necessary in the event the insurance proceeds are insufficient to cover all loss or damage. Pacira's cost price for the Materials as at the Effective Date is as set out in Schedule 1.49 of the Manufacturing and Supply Agreement.

2.16 Shipping. Except to the extent set forth otherwise in this Agreement or the Manufacturing and Supply Agreement, any shipment from Patheon to Pacira, whether of Product, Materials or otherwise, shall be made [**] (Incoterms 2010) the Facility unless otherwise mutually agreed. Any shipment from Pacira to Patheon will be made DDP (Incoterms 2010) the Facility.

2.17 Changes in Applicable Law. Should during the Term of this Agreement a change or changes in Applicable Law lead to Patheon (a) providing services not originally contemplated by Patheon, or (b) incurring increased costs in order to comply with said change or changes, any such services or costs (to the extent pertaining to the Product or related to the Pacira Manufacturing Process, the Pacira Manufacturing Equipment or the Pacira Purchased Patheon Manufacturing Equipment) shall constitute an Additional Service subject to mutual written agreement of the Parties.

2.18 Base Fees. Patheon will invoice Pacira monthly in advance for the Base Fees as set forth in Exhibit 2.2-A hereto. All Base Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV of the Manufacturing and Supply Agreement.

ARTICLE 3

CONFIDENTIALITY

3.1 Confidentiality Obligations. The Parties agree that the terms of the Confidentiality Agreement dated April 4, 2014 between the Parties shall govern the confidentiality obligations of the Parties and are incorporated herein by this reference (the "Confidentiality Agreement"). A copy of the Confidentiality Agreement is attached herein as Exhibit 3.1.

3.2 Press Releases; Use of Trademarks. The Parties agree not to disclose any terms or conditions of this Agreement to any Third Party without the prior consent of the other Party, save as permitted pursuant to the Confidentiality Agreement. Neither Party shall (a) issue a press release or make any other public statement that references this Agreement or (b) use the other Party's or the other Party's Affiliates' names or trademarks for publicity or advertising purposes, except with the prior written consent of the other Party, save as permitted pursuant to the Confidentiality Agreement or Securities and Exchange Commission filings which are required by Applicable Law, in which instance both Parties shall work together in good faith to agree the disclosure to be made having due and proper regard to their legal obligations. Each Party agrees that it shall cooperate fully and in a timely manner with the other with respect to all disclosures to the Securities and Exchange Commission or any other governmental or regulatory agencies, including requests for confidential treatment of Proprietary Information of either Party included in any such disclosure.

3.3 Injunctive Relief. Each Party acknowledges that a breach by either Party of the Confidentiality Agreement, this ARTICLE 3 or Sections 2.9 and 2.10 cannot reasonably or adequately be compensated in damages in an action at law and that such a breach may cause the other Party irreparable injury and damage. By reason thereof, each Party agrees that the other Party may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of this ARTICLE 3 and Sections 2.9 and 2.10, without the need of posting a bond or other security; provided, however, that no specification in this Agreement of a specific legal or equitable remedy will be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of such a breach. Each Party agrees that the existence of any claim, demand, or cause of action of it against the other Party, whether predicated upon this Agreement, or otherwise, will not constitute a defense to the enforcement by the other Party, or its successors or assigns, of the covenants contained in this ARTICLE 3 and Sections 2.9 and 2.10.

ARTICLE 4

PACIRA'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

4.1 Commercially Reasonable Efforts. Except where specifically stated to the contrary in this Agreement otherwise, Pacira will use its commercially reasonable efforts to perform Pacira's obligations hereunder.

4.2 Additional Representations, Warranties, and Covenants of Pacira. Pacira warrants, represents, and covenants that:

(e) throughout the Term, (i) it or its Affiliates Control all right, title, and interest in all issued patents and pending patent applications set forth on Exhibit 4.2, which patents and applications claim Technology embodied in the Product; and (ii) it has the right to authorize Patheon to perform the Transfer Services in accordance with the terms and conditions hereof;

(f) throughout the Term, the performance of the Transfer Services hereunder, in accordance with the terms and conditions hereof and using Pacira's Manufacturing Process, or the manufacture, use, sale or other disposition of the Product by Patheon as may be required to perform its obligations under this Agreement or by Pacira, does not and will not result in the infringement or misappropriation of any Person's intellectual property rights;

(g) Pacira or its Affiliates Control and have the right to lawfully disclose the Specifications to Patheon; and

(h) as of the Effective Date, there are no actions or other legal proceedings pending concerning the infringement of Third Party intellectual property rights related to any of the Specifications, or the sale, use, or other disposition of any Product made in accordance with the Specifications.

ARTICLE 5

PATHEON'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

Patheon represents, warrants, and covenants to Pacira as follows:

5.1 Commercially Reasonable Efforts. Except where specifically stated to the contrary in this Agreement otherwise, Patheon will use its commercially reasonable efforts to perform the Transfer Services in accordance with the agreed upon Timeline. In the event Patheon is not able to meet the Timeline, Patheon will provide written notice to Pacira of such inability as soon as practical, but in any event within three (3) business days of discovering such inability.

5.2 Qualified Personnel and Transfer Services. Patheon will engage and employ professionally qualified personnel to perform the Transfer Services contemplated hereunder. Patheon represents and warrants that there is no claim, suit, proceeding, or other investigation issued on Patheon, or to the actual knowledge of Patheon, pending or threatened against Patheon, which is likely to prevent or materially adversely affect the rights and interests of Pacira hereunder or keep Patheon from performing its obligations hereunder.

5.3 Additional Representations, Warranties, and Covenants of Patheon. Patheon warrants, represents, and covenants that:

(a) (i) it has facilities, personnel, experience, and expertise sufficient in quality and quantity to perform the obligations hereunder, (ii) it shall so perform with reasonable due care and in conformity with current generally accepted standards and procedures for the type of services covered by the Transfer Services, and (iii) its management shall establish appropriate quality assurance, quality controls, and review procedures for implementation of the Transfer Services;

(b) it has at the Effective Date and shall during the Term observe and comply (to the extent they are applicable), at (subject to Section 2.17 and Schedule 2.1F(x)-(xii)) its sole cost and expense, with (i) all Applicable Laws now in force or that may hereafter be in force, pertaining to Patheon's performance of the Transfer Services and the Facility, including federal, state, and local laws, orders, regulations, rules, customs, and ordinances now in force or that may hereafter be in force and including, without limitation, (ii) labor laws, orders, regulations, rules, customs, and ordinances and (iii) those of the FDA pertaining to Patheon's performance of the Transfer Services and the Facility, and any laws, orders, regulations, rules, or ordinances issued in addition to, as a supplement to or as a replacement of Applicable Laws.

(c) none of it, its Affiliates, nor any Person under its direction or control has ever been, nor will it engage suppliers which have to its actual knowledge, after due inquiry, been, (i) debarred or convicted of a crime for which a person can be debarred, under Section 335(a) or 335(b) of the Act, or any equivalent Applicable Law of the country of Manufacture, (ii) threatened to be debarred under the Act or any equivalent Applicable Law of the country of Manufacture or (iii) indicted for a crime or otherwise (to its actual knowledge after due inquiry) engaged in conduct for which a person can be debarred under the FDA or any equivalent Applicable Law of the country of Manufacture, and Patheon agrees that it will promptly notify Pacira in the event it receives notification of any such debarment, conviction, threat or

indictment. Should Patheon become aware of any suspected noncompliance with the foregoing, Patheon will notify Pacira in writing of such issue within two (2) business days. For the purpose of this Section 5.3, suppliers and subcontractors engaged by Patheon to undertake the Manufacture of the Product shall be deemed to be under Patheon's direction or control;

(d) none of it, its Affiliates, nor any Person under its direction or control is currently excluded from a federal or state health care program under Sections 1128 or 1156 of the Social Security Act, 42 U.S.C. §§ 1320a-7, 1320c-5 or any equivalent Applicable Law of the country of Manufacture, as may be amended or supplemented;

(e) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded from contracting with the U.S. federal government or the government of the country of Manufacture;

(f) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded, suspended, or debarred from any U.S. or foreign governmental program;

(g) it shall immediately notify Pacira if, at any time during the Term, Patheon, its Affiliates, or any Person under its direction or control is convicted of an offense that would subject it or Pacira to exclusion, suspension, or debarment from any U.S. or foreign governmental program; and

(h) before it subcontracts the Manufacture of the Product under this Agreement, which may only be done in accordance with Section 9.8, Patheon shall (i) ensure that its subcontractor(s) represent, warrant, and covenant Sections 5.3(a) through 5.3(g) above, and this Section 5.3(h) if the subcontractor(s) sub-subcontracts any of its obligations, which may only be done in accordance with Section 9.8, and (ii) provide Pacira with confirmation of these representations, warranties, and covenants.

5.4 Disclaimer. THE FOREGOING EXPRESS WARRANTIES AND THOSE IN ARTICLE 4 and ARTICLE 6 ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT, AND ALL OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED BY EACH PARTY.

ARTICLE 6

GENERAL REPRESENTATION AND WARRANTIES

Each Party represents, warrants, and covenants to the other as follows:

6.1 Power and Authorization. Such Party (a) is duly formed and in good standing under the laws of the jurisdiction of its formation, (b) has the power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (c) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

6.2 Enforceability. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid, and binding obligation of such Party and is enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other similar laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

6.3 No Conflict. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not and will not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation, bylaws, limited partnership agreement, or other constituent document of such Party and (b) do not and will not conflict with, violate, or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

6.4 Compliance with Applicable Law. Each Party and its Affiliates, and their respective representatives, shall comply with all applicable laws, rules and regulations in the performance of their obligations under this Agreement. Without limiting the foregoing, each Party and its Affiliates, and their respective representatives, shall comply with export control laws and regulations of the country of Manufacture and of the United States. Neither Party nor its Affiliates (or representatives) shall, directly or indirectly, without prior U.S. government authorization, export, re-export, or transfer the Product to any country subject to a U.S. trade embargo, to any resident or national of any country subject to a U.S. trade embargo, or to any person or entity listed on the "Entity List" or "Denied Persons List" maintained by the U.S. Department of Commerce or the list of "Specifically Designated Nationals and Blocked Persons" maintained by the U.S. Department of Treasury. In so far as the same applies to a Party or its Affiliates, each Party and its Affiliates and respective representatives shall comply with the requirements of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd-1, *et seq.*).

ARTICLE 7

INDEMNIFICATION

7.1 Indemnification by Pacira. Pacira will indemnify Patheon, its Affiliates, and their respective directors, officers, employees, and agents (the "Patheon Indemnified Parties"), and defend and save each of them harmless from and against any (i) Third Party Loss incurred by any of them in connection with, arising from, or occurring as a result of (a) any misrepresentation, negligence or willful misconduct by Pacira or its Affiliates and their respective directors, officers, employees and agents, in connection with or arising from Pacira's activities in support of or relating to this Agreement or Transfer Services to be provided hereunder, (b) Pacira's breach of any of its obligations, warranties, representations, or covenants hereunder, (c) a claim that the Transfer Services performed by Patheon hereunder, in accordance with the terms and conditions of this Agreement, infringes or misappropriates a patent or any other intellectual property rights, if it is a claim related to the use of Pacira's Technology, Pacira's Manufacturing Equipment, Pacira Purchased Patheon Manufacturing Equipment or Pacira's Manufacturing Process or the Product, (d) a claim that the use of any device, composition, or process provided by Pacira to Patheon and used in connection with the Transfer Services in accordance with the terms and conditions of this Agreement constitutes infringement or misappropriation of a Third Party's intellectual property rights, or (ii) any Loss incurred by any of them in connection with the negligence or willful misconduct of the Pacira On Site Representatives at the Facility, except, in each case, for those Losses for which Patheon has an obligation to indemnify the Pacira Indemnified Parties pursuant to Section 7.2 below, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Pacira will not be required to indemnify the Patheon Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or willful misconduct by Patheon or any or its Affiliates.

7.2 Indemnification by Patheon. Patheon will indemnify Pacira, its Affiliates, and their respective directors, officers, employees, and agents (the "Pacira Indemnified Parties"), and defend and save each of them harmless from and against any third party Loss incurred by any of them in connection with, arising from, or occurring as a result of (a) any misrepresentation, negligence or willful misconduct by Patheon or its Affiliates and their respective directors, officers, employees and agents, in connection with the performance of Transfer Services or the handling of the Product by Patheon; (b) Patheon's breach of any of its obligations, warranties, representations, or covenants hereunder; or (c) a claim that any Patheon Technology employed in providing the Transfer Services infringes or misappropriates a United States patent or any other intellectual property rights except to the extent such claim is based on the use of Pacira's Technology in accordance with the terms and conditions of this Agreement; except, in each case, for those Losses for which Pacira has an obligation to indemnify the Patheon Indemnified Parties pursuant to Section 7.1 above, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Patheon will not be required to indemnify the Pacira Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused primarily by any breach of contract, negligent act or omission, or willful misconduct by Pacira or any or its Affiliates.

7.3 Indemnification Procedures.

(c) Notice of Claim. The indemnified Party (the "Indemnified Party") shall give the indemnifying Party (the "Indemnifying Party") prompt written notice (an "Indemnification Claim Notice") of any Loss, action, or discovery of facts upon which such Indemnified Party intends to base a request for indemnification under Section 7.1 or 7.2 (a "Claim"), but in no event shall the Indemnifying Party be liable for any Loss that results from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the Claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Loss upon which it intends to seek indemnification.

(d) Control of Defense. At its option, the Indemnifying Party may assume the defense of any Claims by giving written notice to the Indemnified Party within thirty (30) days after the Indemnifying Party's receipt of an Indemnification Claim Notice; provided that the assumption of the defense of a Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's Claim. Upon assuming the defense of a Claim, the Indemnifying Party may appoint as lead counsel in the defense of such Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Claim, the Indemnified Party shall immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by any Indemnified Party in connection with the Claim. Subject to clause (c) below, if the Indemnifying Party assumes the defense of a Claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense, or settlement of such Claim. In the event that it is ultimately determined that the Indemnifying Party is not obligated to indemnify, defend, or hold harmless an Indemnified Party from and against any Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including reasonable attorneys' fees and costs of suit) and any Loss incurred by the Indemnifying Party in its defense of such Claim.

(e) Right to Participate in Defense. Without limiting Section 7.3(b), any Indemnified Party shall be entitled to participate in, but not control, the defense of a Claim and to employ counsel of its choice for such purpose; provided, however, that such employment shall be at the Indemnified Party's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 7.3(b) (in which case the Indemnified Party shall control the defense), or (iii) the interests of the Indemnified Party and the Indemnifying Party with respect to such Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules, or equitable principles, in which cases, it shall be at the Indemnifying Party's expense.

(f) Settlement. With respect to any Loss relating solely to the payment of money damages in connection with a Claim and that will not result in the Indemnified Party's becoming subject to injunctive or other relief or otherwise adversely affect the business or reputation of the

Indemnified Party in any manner, and as to which the Indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the Indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Claims, where the Indemnifying Party has assumed the defense of the Claim in accordance with Section 7.3(b), the Indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss; provided that it obtains the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, agree to any settlement or acquiesce to any judgment with respect to a Claim that obligates the Indemnified Party to pay any amount subject to indemnification by the Indemnifying Party or causes the Indemnified Party to admit to any civil or criminal liability.

(g) Cooperation. If the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party shall cooperate in the defense or prosecution thereof and shall furnish such records, information, and testimony, provide such witnesses, and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of records and information that are reasonably relevant to such Claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party shall reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

(h) Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Claim shall be reimbursed on a monthly basis in arrears by the Indemnifying Party, without prejudice to the Indemnifying Party's right to, contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

7.4 Limitation of Liability.

(a) SUBJECT TO SECTION 7.4(B) BELOW, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY (DIRECT AND INDIRECT) LOSS OF PROFITS OR FOR SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUSINESS INTERRUPTION, GOODWILL OR LOST PROFITS; PROVIDED, HOWEVER, THIS EXCLUSION IS NOT INTENDED TO, NOR SHALL, EXCLUDE ACTUAL OR COMPENSATORY DAMAGES OF THE AFFECTED PARTY, INCLUDING SPECIAL, EXEMPLARY, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, OWED TO THIRD PARTIES AS A RESULT OF A CLAIM PURSUANT TO THE INDEMNIFICATION OBLIGATIONS HEREOF.

(b) The limitations set forth in Section 7.4(a) shall not apply with respect to damages occasioned by a Party's breach of its obligations under [**] of this Agreement.

7.5 Re-performance. If any part of the Transfer Services provided or procured by Patheon is not materially performed in accordance with the terms of this Agreement, then Pacira's sole remedy (in addition to those expressly set forth elsewhere in this Agreement (i.e., ARTICLE 8)) will be to request Patheon to repeat that part of the Transfer Service at Patheon's cost, provided that where the Transfer Services to be repeated requires Pacira supplied Materials, Pacira will provide such Materials.

ARTICLE 8

TERM AND TERMINATION

8.1 Term. This Agreement will remain in full force and effect unless and until it expires or is terminated in accordance with the provisions of this ARTICLE 8 (the "Term").

8.2 Expiration. This Agreement will expire upon receipt of FDA approval for Patheon's manufacturing, testing, and packaging for the Product at Manufacturing Suite A-2 and at Manufacturing Suite B-2 (the "Completion of the Tech Transfer").

8.3 Termination by Pacira. Pacira will have the right to terminate this Agreement for Pacira's convenience at any time upon written notice to Patheon in accordance with the following:

(c) Pacira may terminate this Agreement in its entirety if (i) Patheon (due solely to its acts or omissions) fails to complete Manufacturing Suite construction by the date stated in the Timeline and (ii) due solely to such failure, Patheon has not Manufactured registration batches in [**]; and

(d) at any time for convenience by giving Patheon thirty (30) days' prior written notice.

8.4 Termination by Mutual Agreement. This Agreement may be terminated at any time upon mutual written agreement between the Parties.

8.5 Termination for Default. Each Party will have the right to terminate this Agreement at any time upon written notice to the other Party, if such other Party (a) breaches any of the representations, warranties, covenants, or agreements set forth in this Agreement or (b) otherwise defaults in the performance of any of its duties or obligations under this Agreement, which in either case has a material effect on the other Party, and which breach or default is not cured within [**] after written notice is given to the breaching Party specifying the breach or default ("Remediation Period"). The aggrieved Party's right to terminate this Agreement for a particular breach under this Section 8.5 may only be exercised for a period of [**] following the expiry of the Remediation Period (where the breach has not been remedied) and, if the termination right is not exercised during this period, then the aggrieved Party will be deemed to have waived its right to terminate this Agreement for such breach.

8.6 Bankruptcy; Insolvency. To the extent permitted by law, each Party will have the right to terminate this Agreement immediately upon notice to the other Party, if the other Party shall file in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for arrangement or for the appointment of a receiver or trustee of the other Party or of its assets, or if the other Party proposes a written agreement of composition or extension of its debts, or if the other Party shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition shall not be dismissed within [**] after the filing thereof, or if the other Party shall propose or be a party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of its creditors.

8.7 Cross Termination. Should either Pacira or Patheon exercise its right to terminate this Agreement in its entirety (but not in the event of an expiration of this Agreement as set forth in Section 8.2) prior to the FDA Approval Date, then the Manufacturing and Supply Agreement, the

Strategic Co-Production Agreement and the Quality Agreement will concurrently and automatically terminate.

8.8 No Release. Neither the termination nor expiration of this Agreement will release or operate to discharge either Party from any liability or obligation that may have accrued prior to such termination or expiration, including any obligation to pay to the other Party any amounts accrued under this Agreement with respect to the period prior to the effective date of such expiration or termination. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof will not limit remedies that may otherwise be available in law or equity.

8.9 Obligations. Notwithstanding the giving of any notice of termination pursuant to this ARTICLE 8, each Party will continue to fulfill its obligations under this Agreement at all times until the effective date of any such termination or expiration.

8.10 Survival. The expiration or termination of this Agreement shall be without prejudice to any rights or obligations of the Parties that may have accrued prior to such termination, and the provisions of Sections 2.2 (as it may relate to any unpaid amounts due and owing), 2.6 (as it may relate to the use to which Patheon may put the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment), 2.8, 2.9, 2.10, 2.12 and ARTICLE 1, ARTICLE 3, ARTICLE 7, ARTICLE 8, and ARTICLE 9 shall survive the expiration or termination of this Agreement.

8.11 Rights and Duties Upon Termination.

(a) Upon termination of this Agreement, Patheon will, as promptly as practicable, (i) cease work on the Transfer Services, and (ii) make available for collection by Pacira, ExW (Incoterms 2010) the Facility, all Materials and results and information resulting from the Transfer Services (whether in written or electronic form) that are then in Patheon's possession and that are the property of Pacira in accordance with Section 2.9 of this Agreement. Upon termination of this Agreement, Pacira will, as promptly as practicable, return all documentation and records of Patheon's Technology (whether in written or electronic form) that are then in Pacira's possession and that are the property of Patheon in accordance with Section 2.9 of this Agreement, except to the extent necessary to exercise any license granted by Patheon to Pacira pursuant to such section.

(b) Upon termination of this Agreement (other than by Pacira pursuant to Section 8.5), Pacira will, as promptly as practicable, (i) pay all earned but unpaid fees and charges for the Transfer Services, including Material Costs, Capital Expenditures, Bill Back Items, Additional Services, Base Fees and a pro-rated amount of any unpaid Process Support and Validation Fees to reflect Transfer Services performed as of the date of such termination by Patheon; and (ii) pay all due and outstanding invoices under ARTICLE IV of the Manufacturing and Supply Agreement, including those for Bill Back Items or Additional Services performed as of the date of such expiration and termination.

(c) Upon termination of this Agreement (other than by Pacira pursuant to Section 8.5 and Section 8.3(a)), Pacira will, as promptly as practicable, pay to Patheon all and any removal and Make Good Costs associated with the removal of the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment from the Facility. "Make Good Costs"

means the reasonable costs required to repair the Facility and return it to a clean, safe and useable area based on the repair of damage caused by the installation or removal of Pacira Manufacturing Equipment.

(d) Upon termination of this Agreement (other than by Pacira pursuant to Section 8.5 and Section 8.3(a)), Pacira will, as promptly as practicable, pay to Patheon the following costs ("Transfer Services Termination Costs"): (i) all actual costs incurred by Patheon to complete activities associated with the completion, expiry or termination including, without limitation, disposal fees that may be payable for any Materials and supplies owned by Pacira to be disposed of by Patheon; (ii) all and any direct costs and expenses, or wasted costs and expenses, or termination or cancellation fees payable by Patheon as a consequence of or arising from the termination of this Agreement, to include but not limited to, all and any redundancy costs of employees employed by Patheon to work solely or mainly in providing the Services and/or Manufacturing the Product, all and any termination costs in relation to subcontractors and agency staff working solely or mainly in providing the Services and/or Manufacturing the Product, any termination or cancellation fees payable to Third Party suppliers; and (iii) any additional costs incurred by Patheon in connection with the Services that are required to fulfill outstanding applicable regulatory and contractual requirements. Patheon will use commercially reasonable efforts to mitigate the Transfer Services Termination Costs. Patheon will further provide Pacira with documentation to substantiate the Transfer Services Termination Costs. Notwithstanding anything in this Section 8.11(d) to the contrary, Pacira's liability for Transfer Services Termination Costs shall be limited to the payment to Patheon of the [**] of Transfer Services Termination Costs together with [**] of the Transfer Services Termination Costs in excess of [**] up to a maximum amount payable by Pacira of $2,000,000.

(e) Upon termination of this Agreement, in the event that Patheon will not be Manufacturing the Product for Pacira pursuant to the Manufacturing and Services Agreement, Pacira shall remove all Pacira Manufacturing Equipment and Materials from the Facility within [**] of said termination failing which Pacira will pay a fee equivalent to the aggregate monthly Base Fee for each month or part month the Pacira Manufacturing Equipment or Materials remain at the Facility post-termination.

ARTICLE 9

MISCELLANEOUS

9.1 Notices. Notwithstanding that advance notification of any notices or other communications may be given by facsimile or electronic mail transmission, all notices or other communications that shall or may be given pursuant to this Agreement shall be in writing and shall be deemed to be effective (a) when delivered if sent by registered or certified mail, return receipt requested, or (b) on the next business day, if sent by Express Mail or overnight courier, in each case to the Parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid.

If to Pacira:

Pacira Pharmaceuticals, Inc.

Attn: Legal Affairs Department - Kristen Williams

Telephone:

Facsimile:

If to Patheon:

Attention:

Executive Director & General Manager

Patheon UK Limited

Kingfisher Drive, Covingham

Swindon, Wiltshire SN3 5BZ

England

Facsimile:

with copy to

Legal Director.

9.2 Force Majeure. Neither Party shall be liable for delay in delivery, performance or nonperformance, in whole or in part, nor shall the other Party have the right to terminate this Agreement except as otherwise specifically provided in this Section 9.2 where such delay in delivery, performance or nonperformance results from acts beyond the reasonable control and without the fault or negligence of such Party including, but not limited to, the following conditions: fires, floods, storms, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorism, insurrections, riots, civil commotion, or acts, omissions, or delays in acting by any governmental authority; provided that the Party affected by such a condition shall, within five (5) days of its occurrence, give notice to the other Party stating the nature of the condition, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer

duration than is reasonably required, and the nonperforming Party shall use its commercially reasonable efforts to remedy its inability to perform; provided, however, that in the event the suspension of performance continues for ninety (90) days after the date of the occurrence, and such failure to perform would constitute a material breach of this Agreement in the absence of such force majeure event, the non-affected Party may terminate this Agreement immediately by written notice to the affected Party.

9.3 Independent Contractor. The Parties to this Agreement are independent contractors. Nothing contained in this Agreement will be construed to place the Parties in the relationship of employer and employee, partners, principal, and agent or a joint venture. Neither Party will have the power to bind or obligate the other Party nor will either Party hold itself out as having such authority.

9.4 Waiver. Save where expressly stated to the contrary in this Agreement, no waiver by either Party of any provision or breach of this Agreement will constitute a waiver by such Party of any other provision or breach, and no such waiver will be effective unless made in writing and signed by an authorized representative of the Party against whom waiver is sought. No course of conduct or dealing between the Parties will act as a modification or waiver of any provision of this Agreement. Either Party's consent to or approval of any act of the other Party will not be deemed to render unnecessary the obtaining of that Party's consent to or approval of any subsequent act by the other Party.

9.5 Entire Agreement. This Agreement (together with all Exhibits hereto, which are hereby incorporated by reference), the Strategic Co-Production Agreement, the Manufacturing and Supply Agreement, the Quality Agreement, and the Confidentiality Agreement constitute the final, complete, and exclusive agreement between the Parties relating to the subject matter hereof and supersede all prior conversations, understandings, promises, and agreements relating to the subject matter hereof. Neither Party has relied upon any communication, representation, term, or promise, verbal or written, not set forth herein.

9.6 Assignment; Change of Control. This Agreement may not be assigned by Patheon without the prior written consent of Pacira. Notwithstanding the foregoing, Patheon may assign this Agreement to a Patheon Affiliate or to an acquirer or successor in interest in connection with a Change of Control of Patheon without the prior written consent of Pacira, provided that Patheon provides Pacira with written notice of any such assignment and, provided further, that in the event of a Change of Control of Patheon, Pacira shall be entitled to exercise the rights set forth in Schedule 10.6 of the Manufacturing and Supply Agreement. This Agreement shall be binding upon and inure to the benefit of Pacira and Patheon and their respective successors, heirs, executors, administrators, and permitted assigns.

9.7 Amendment; Modification. This Agreement may not be amended, modified, altered, or supplemented except by a writing signed by both Parties. No modification of any nature to this Agreement and no representation, agreement, arrangement, or other communication will be binding on the Parties unless such is expressly contained in writing and executed by the Parties as an amendment to this Agreement. This Agreement may not be amended in any respect by any purchase order, invoice, acknowledgment, or other similar printed document issued by either Party.

9.8 Subcontractors. Prior to subcontracting any of Patheon's obligations hereunder which concern activities related to or would require such contractors to come in to contact or have sight of Pacira's Technology or use the Pacira Manufacturing Process, Patheon will notify Pacira of the proposed subcontractor (including in so far as they are working with the Pacira Manufacturing Equipment, temporary workers and other independent contractors) and will obtain Pacira's written approval of such subcontractor. The terms of any subcontract will be in writing, will be subject to Pacira's prior approval, and will be consistent with this Agreement, unless Pacira agrees otherwise, including (a) confidentiality obligations and (b) compliance with Applicable Law, as required of Patheon under this Agreement. No subcontracting will release Patheon from its responsibility for its obligations under this Agreement. Patheon will be responsible for the work and activities of each of Patheon's subcontractors, including compliance with the terms of this Agreement.

9.9 Governing Law.

(a) The laws of England, whether procedural or substantive (but excluding application of any choice of law provisions contained therein) shall apply to all matters pertaining only to title to and ownership of the Facility and its appurtenances including, without limitation, all rights therein and the creation, exercise and extinction of such rights, obligations and liabilities. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the English Courts. For the avoidance of doubt, except with respect to any rights set forth in Schedule 10.6 of the Manufacturing and Supply Agreement, the Parties agree that nothing in this Agreement shall (i) grant Pacira any property ownership rights in the Facility or (ii) shall constitute a lease to the Facility.

(b) In all other respects, this Agreement shall be construed under and governed by the laws of the State of New York, New York, U.S.A. without regard to the application of principles of conflicts of law. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the state and federal courts located in the State of New York, New York.

(c) The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, if applicable.

9.10 Severability. If any provision of this Agreement is found by a proper authority to be unenforceable, that provision to the extent it is found to be unenforceable or invalid will be severed and the remainder of the provision and this Agreement will continue in full force and effect. The Parties shall use their best efforts to agree upon a valid and enforceable provision as a substitute for any invalid or unenforceable provision, taking in to account the Parties' original intent of this Agreement.

9.11 Construction. Unless the context of this Agreement otherwise requires: (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; (d) the terms "Article," "Section," "Exhibit," or "clause" refer to the specified Article, Section, Exhibit, or clause of this Agreement; (e) "or" is disjunctive but not necessarily exclusive; and (f) the term "including" or "includes" means "including without limitation" or "includes without limitation." Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business

days are specified. The captions and headings of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The language of this Agreement will be deemed to be the language mutually chosen by the Parties, and no rule of strict construction will be applied against either Party hereto.

9.12 Third Party Beneficiaries. This Agreement is not intended to confer upon any non-party any right or remedy hereunder, except as may be received or created as part of a valid assignment.

9.13 Further Assurances. Each of the Parties agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

9.14 Counterparts. This Agreement may be signed in counterparts, each and every one of which will be deemed an original. Facsimile or PDF signatures will be treated as original signatures.

9.15 Taxes.

(a) Patheon will bear all taxes ("Tax" or "Taxes"), however designated, imposed as a result of the provision by Patheon of the Services under this Agreement for the following:

(i) income taxes imposed on Patheon arising from Manufacture of the Product performed at the Facility by its jurisdiction of residence.

(ii) Tax in the ordinary course of business for purchases made by Patheon in the course of providing its Services, such as Value Added Tax ("VAT") and similar taxes. It does not include taxes paid by Patheon on behalf of or as agent for Pacira.

(b) Pacira shall be liable for taxes on its income and non-income that arise from the provision of Pacira-Supplied Materials and Pacira Manufacturing Equipment including VAT, customs, and duties. However, the Parties agree that they will use commercially reasonable efforts to reduce the financial impact for VAT that may apply.

(c) If either Party is required to bear a tax, duty, levy or similar charge pursuant to this Agreement by any state, federal, provincial or foreign government, including, but not limited to, Value Added Tax, that Party will pay such tax, duty, levy or similar charge and any additional amounts to the appropriate taxing authority. Any Tax that Pacira pays, or is required to pay, but which Pacira believes should properly be paid by Patheon pursuant hereto may not be offset against sums due by Pacira to Patheon whether due pursuant to this Agreement or otherwise.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, this Technical Transfer and Service Agreement has been executed by the Parties hereto as of the day and year first written above.

PATHEON UK LIMITED:		**PACIRA PHARMACEUTICALS, INC.**:	
By:	/s/ James Mullen	By:	/s/ David Stack
Name:	James Mullen	Name:	David Stack
Title:	CEO	Title:	President, CEO and Chairman

Exhibit 2.1-A

Engineering Approach

The following engineering approach and footprint are intended to generally depict the engineering approach and the location and approximate size of current spaces allocated to Pacira. Such engineering approach and footprint shall be amended to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the engineering approach and definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, materials, personnel, waste stream process flows, Equipment sizing and utility requirements.

Manufacturing Suite A-2

A Grade C manufacturing area will be constructed within the current manufacturing footprint set forth in this Exhibit 2.1-A. This area will be approximately [**] and accommodate the following:

Grade C changing rooms

Grade D and C material airlocks

Grade C manufacturing suite

Grade C Equipment Preparation area

Grade D washing area

Grade C interconnecting corridors to [**]

The area will house:

[**] manufacturing skids

Vessel farm capable of housing [**]

COP (Cleaning Out of Place) Equipment

CIP (Cleaning in place) skid (which may be located elsewhere in the Facility)

The skids and the associated tanks will be supplied free of charge by Pacira. A cost for [**] to be used [**] has been included in the Capital Expenditures set forth in Exhibit 2.1-B.

Manufacturing Suite B-2

A Grade C manufacturing area will be constructed within the current manufacturing footprint set forth in this Exhibit 2.1-A. This area will be approximately [**] and accommodate the following:

Grade C manufacturing suite

Grade C interconnecting corridors to Manufacturing Suite A and the [**] filling suite

The area will house:

[**] manufacturing skid (approximately [**] scale up of one of the manufacturing skids located in Manufacturing Suite A-2)

Vessel farm capable of housing [**]

The skids and manufacturing vessels will be supplied free of charge by Pacira. A cost for [**] has been included in the Capital Expenditures.

Cleaning Out of Place

COP Equipment (supplied by Pacira) will be installed to allow for the cleaning of the TFF filters and small parts.

Filling

To support filling operations using the existing [**] filler, Patheon shall provide the following, which are included in the Capital Expenditures:

20mL format Change parts

Replacement autoclave and trolleys

VHP pass box

Modification to the existing grade C prep changing room to make provision for a vessel holding area for the filling suite,

Labeling, Packaging and Inspection

Engineering solution includes the purchase of a vial labeller and semi-automatic cartonner, and are included in the Capital Expenditures. Inspection activities will be conducted in the existing site facilities.

Utilities

The utility requirements for Pacira's Manufacturing Process have been considered against the existing site capacity and forecast usage. [**]**.** [**], and the following utilities will be provided to assure continuation of supply and are included in the Capital Expenditures:

Independent, sterilisable WFI storage tank and distribution loop

Independent RO generation plant, PW storage tank and distribution loop

Chiller integrated into the centralised chilled water distribution system

Waste Treatment

The waste streams associated with Pacira's Manufacturing Process have been identified and are included in the Capital Expenditures:

[**] from:

[**] from the manufacturing skid

Liquid waste from the cleaning processes

[**]

Liquid waste with pH ranges outside of allowable discharge limits coming from the cleaning process will not require additional intermediate storage and treatment to that currently available onsite.

Items not included in the Engineering Approach:

- Modification to the fabric of the existing [**] area.
- Materials and components for trials, qualification and start up activities.
- Chilling of feed from vessel to filling line. (it is assumed that vials are at ambient from point of fill and until moved to [**] storage)
- Disposal of product and solutions that require special handling.
- Pre-effluent buffer tank for waste to drain.
- WFI still and CS generator.
- Fully automated Packaging process.

Exhibit 2.1-A

Footprint

[**]

Exhibit 2.1-B

Capital Expenditures

[**]

The capital requirements are based on the following assumptions:

No modification to the fabric of the existing [**] area is needed.

No pre-effluent buffer tank for waste to drain is needed.

No WFI still or CS generator is needed, as capacity is available at Facility.

Semi-automated packaging process is needed.

Exhibit 2.1-B

Capital requirements

(Detailed CAPITAL EXPENDITURES)

[**]

Exhibit 2.1-C

Qualification and Validation

The following qualification and validation activities are included in the Base Fee, and only relates to the 20ml vial.

Equipment Validation

Patheon shall perform qualification and validation activities for any Equipment used to Manufacture the Product. Preparations and review of protocols and reports associated with all the planned qualification/validation activities are included.

Patheon shall perform Equipment trial to confirm compliance of the Equipment with GMP. The trial would follow the Patheon standard approach.

Patheon shall perform Container Closer Integrity testing; vials will be tested using media filled units.

Patheon shall perform qualification and validation of the following processes to ensure sterility assurance with protocols and reports prepared:

- Stopper sterilization
- Vial washing machine and depyrogenation tunnel
- Environmental control

Cleaning Process Verification/Validation

All Equipment will be dedicated and the current cleaning procedures employed by Pacira will meet the regulatory and internal requirements of the Patheon Swindon facility. It is assumed that a validated cleaning test method is available and will be transferred into Patheon laboratories and also that full cleaning occurs after each campaign (where applicable).

Exhibit 2.1-D

Other Transfer Services

The following Transfer Services are included in the Base Fee, unless indicated otherwise below.

Manufacturing Process

The precise strategy for technology transfer to the manufacturing skids will be determined between Pacira and Patheon. The Parties agree that this will likely take the form of a [**] to Manufacture a product that meets the Specifications and is Manufactured in compliance with the Quality Agreement and the GMP. Transfer of the process shall include:

For Manufacturing Suite A-2 and Manufacturing Suite B-2:

- CIP process transfer and validation;
- COP process transfer, as necessary;
- SIP process transfer and validation;
- Bulk product manufacturing process transfer, [**]. [**] will be taken through the fill process with subsequent QC testing on the product prior to making the registration batches;
- [**] transfer and validation;
- Filling process transfer and validation; and
- Visual inspection process transfer.

Analytical Methods

Physical methods will be confirmed according to USP/EP specifications or methods supplied by Pacira. For each specific analytical method to be transferred, a protocol with pre-defined acceptance criteria will be prepared and agreed with Pacira, and only upon the successful [**] completion and approval of the associated protocol and report, the method will be deemed successfully transferred.

Patheon will validate Microbiological USP/EP test methods required for bioburden, endotoxin and sterility testing.

It is assumed that Patheon currently have the required analytical equipment on site to perform the required testing. If any new equipment is needed then this is will be priced separately and paid by Pacira.

Bulk Media Simulation and Fill Runs

[**]. Media runs must be completed prior to Manufacture of registration batches.

Registration Batches and Stability Testing

Once a Product that meets the Specifications and Marketing Authorization can be made on the manufacturing skids, a minimum of [**] followed by [**] registration batches shall be manufactured from [**]. Patheon shall perform full QC release testing on such batches, and place such batches at normal and accelerated stability conditions in compliance with the Quality Agreement. [**] stability data will be required for regulatory submission. [**].

Stability Testing

Based on the information provided by Pacira the estimate per time point, per batch per condition is [**]. For the registration batch study it is assumed that multiple batches and conditions can be tested at the same time on the same HPLC runs and the total price for this study is estimated to be [**]. Patheon will make a detailed assessment and supply an accurate revised price for this work on provision of the full testing specification and analytical methods.

Process Validation Manufacturing

The precise strategy for Process Validation will be determined between Pacira and Patheon. Fees to support process validation are included in the Base Fee. Patheon shall conduct the Process Validation in no more than [**] for each manufacturing skid. Patheon shall Manufacture Process Validation batches according to GMP, suitable for commercial distribution. If the Process Validation batches result in saleable Product used by Pacira for commercial distribution, such batches will be released by Patheon subject solely to the terms and conditions of the Manufacturing and Services Agreement and Pacira will pay any applicable Product Fees in accordance with the terms and conditions of the Manufacturing and Supply Agreement.

Container Closure Integrity - Microbial Intrusion Test

Patheon shall conduct Container Closure Integrity testing by micro ingress, using media filled units, in compliance with the Quality Agreement.

Visual Inspection

Patheon will perform and assessment on the visual inspection for the process along with Pacira and could provide specific validation activities.

[**].

Regulatory Management or Documentation Support

To the extent requested by Pacira and agreed to by the Parties as an Additional Service, Patheon shall provide assistance in the preparation of CMC sections for the product filing. A [**] hourly billing rate shall be charged by Patheon for such regulatory services. In addition, a clerical hourly billing rate of [**] would be charged if Pacira requests the provision of additional project documentation that would not typically be provided as part of the Base Fees.

Key Technical Assumptions

The following technical assumptions apply to the production of process validation batches of EXPAREL® and the Materials used therein:

1.1 Manufacturing:

(a) **Batch Size** - The batch size will equal approximately [**]. From Manufacturing Suite A, the batch will be produced by [**] of [**] bulk product, and from Manufacturing Suite B, by producing [**] of bulk product.

(b) **Product sterilization, filling process, and sealing** - The Pacira Manufacturing Process will utilize the "Pacira Skid" system. Bulk manufacturing and sealing will be [**]. Empty vials will be washed and depyrogenated using an in line washing and tunnel machine prior to filling vials. The Pacira Manufacturing Process does not require [**].

(c) **Hold times** - Bulk vessels will be maintained at [**] degrees prior to filling. Only standard light protection is employed and that no special precautions are required during formulation, filling, and inspection.

(d) **Visual Inspection** - 100% vials visual inspection is carried out manually Defect characteristics and AQL limits will be agreed and defined for the product units in the Quality Agreement.

(e) **Finished product storage** - Finished Product will be stored at [**]. temperature. Patheon has not made consideration for the expansion of current [**] capacity.

1.2 Market Supply - Transfer Services are for **[**]** only.

1.3 Packaging:

(a) **Primary Packaging** components:

Component	Specification	Manufacturer / Supplier
Vial	USP Type 1 glass vial, 20-mL, 13-mm neck	[**]
Stopper	Grey butyl rubber stopper, 13-mm,	Manufacturer: [**] Supplier: [**]
Seal	13-mm aluminum flip-up, tear-off seal with a polypropylene flip-off cap	[**]

(b) **Secondary Packaging** - Bulk labelled vials only.

1.4 <u>Testing</u>:

(a) The API will only require ID testing

(b) QC test methods are fully validated and robust at the time of commercial manufacture.

(c) Micro testing on the finished product has been included.

(d) Testing labor may be subject to change after the final agreement on testing specifications and requirements.

Exhibit 2.1-E

Timeline

[**]

Exhibit 2.1-F

Equipment

(i) Pacira shall be responsible for the design (subject to Section (vi) below) and for the cost of procurement, installation, commissioning and validation of process equipment necessary to Manufacture the bulk EXPAREL® Product in Manufacturing Suite A-2 and Manufacturing Suite B-2 (the "Pacira Manufacturing Equipment"). The Pacira Manufacturing Equipment consists of [**].

(ii) Patheon shall be responsible for the procurement of any equipment, other than the Pacira Manufacturing Equipment, necessary to Manufacture the Product, including filling, packaging, labeling, testing, clean and dirty utilities, waste handling systems and all building infrastructure (the "Patheon Manufacturing Equipment").

(iii) Title to all Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment will be held by Pacira or a Pacira Affiliate. Title to all Patheon Manufacturing Equipment except Pacira Purchased Patheon Manufacturing Equipment will be held by Patheon.

(iv) As of the Effective Date, some of the Patheon Manufacturing Equipment requires additions/upgrades in order to prepare for the Manufacturing of the Product. Pacira shall be responsible for the costs of such additions/upgrades, in accordance with Exhibit 2.1-B. Pacira shall own any Patheon Manufacturing Equipment added and paid for by Pacira hereunder which is reasonably capable of separation, and can practically and sensibly be separated, from the Facility or other equipment at the Facility at the date of termination of this Agreement ("Pacira Purchased Patheon Manufacturing Equipment").

(v) As of the Effective Date, the Patheon Manufacturing Equipment includes a [**] filling line. The [**] filling line shall be used [**] to Manufacture the Product during the Term commencing on the date of commercial Manufacture pursuant to the Manufacture and Supply Agreement. Prior to first fill on the [**] pursuant hereto and thereafter, Patheon shall have in place a risk mitigation plan in the event that the [**] is not operational or sufficient to fulfill those Pacira Purchase Orders which Patheon is obliged to accept pursuant to Section 2.3(c) of the Manufacturing and Supply Agreement. Prior to first fill on the [**] pursuant hereto, Patheon shall provide a copy of such risk management plans to Pacira for Pacira's review and approval (which shall not be unreasonably withheld).

(vi) With respect to all Equipment, Patheon shall provide engineering project management and process validation, qualification support, installation and commissioning services, in consideration for the payments set forth in Exhibit 2.1-B. While Pacira shall be responsible for the design and ordering [**], Patheon shall actively participate in the design process and after such Equipment is delivered in the United Kingdom, Patheon shall manage the installation, commissioning and validation activities of such Equipment. Notwithstanding Section (i) above, [**] are not considered specific to Pacira's Manufacturing Process and can be designed and ordered by either Party based on mutual agreement.

(vii) During the Term, Pacira shall be responsible for additions and replacement cost of any Pacira Manufacturing Equipment or any Pacira Purchased Patheon Manufacturing

Equipment. Once the initial additions/upgrades to the Patheon Manufacturing Equipment have been paid by Pacira, Patheon shall be responsible for any other additions and replacement cost of any Patheon Manufacturing Equipment.

(viii) During the Term, Patheon shall, at its sole cost and expense, subject to this subsection (viii), provide all Maintenance for the Equipment and Facilities. Notwithstanding the foregoing, with respect to the Pacira Manufacturing Equipment and the Pacira Purchased Patheon Manufacturing Equipment, Maintenance does not include the cost of spare parts, Equipment breakdowns caused by any reason outside of Patheon's reasonable control, or specialized maintenance services not within Patheon's technical expertise or that requires specialist equipment, in each case where Patheon is required to utilize a third-party contractor. Patheon's costs associated with such spare parts and third-party contractors will be reimbursed by Pacira as a Bill Back Item. Patheon shall not be liable for ordinary wear and tear of the Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment; Patheon shall only be liable for the repair or replacement of any damage caused to such Equipment where such damage arises due to its negligence or willful misconduct. Throughout the Term of this Agreement, Patheon shall maintain casualty insurance on Pacira Manufacturing Equipment and Pacira Purchased Patheon Manufacturing Equipment in the amount equal to at least the depreciated value of such Equipment.

(ix) The Parties shall provide their commercially reasonable commercial efforts to minimize the costs of procurement, transportation, installation and commissioning of the Equipment. Patheon shall provide Pacira with quotes and copies of all applicable invoices from vendors, for the costs of procurement, transportation, installation, and commissioning of the Equipment, and in no event such costs shall exceed the amounts indicated in Exhibit 2.1-B by more than [**], unless otherwise agreed by the Parties. In order to obtain, and prior to obtaining, any reimbursement of costs hereunder, Patheon must obtain prior written approval from Pacira and provide Pacira with quotes and invoices, including copies of all applicable invoices from vendor(s), for the supply, transportation, installation, and commissioning of the Equipment.

(x) For changes to the Specifications, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product that are required by Applicable Law (collectively, "Required Manufacturing Changes"), Patheon and Pacira shall cooperate to promptly make such changes within the required timeline.

(xi) For changes to the Specifications, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product that are not Required Manufacturing Changes (collectively, "Discretionary Manufacturing Changes"), Patheon and Pacira must each agree to any Discretionary Manufacturing Changes and shall cooperate in making such changes, and each agrees that it shall not unreasonably withhold or delay its consent to such Discretionary Manufacturing Changes.

(xii) Notwithstanding the foregoing, all internal and external costs, including, without limitation, costs of obsolete Materials, work-in-process and Product (1) associated with Required Manufacturing Changes shall be borne by [**], and (2) all such costs associated with Discretionary Manufacturing Changes shall be agreed between the Parties; provided that, in each case, all such costs shall be commensurate with costs common in the industry for the types of changes being made.

(xiii) In the event that Pacira changes the Specifications, Pacira's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product, or consents to any change by Patheon, Patheon shall provide to Pacira any such documentation or other information with respect thereto as they relate to the Transfer Services as Pacira may reasonably request in order to obtain or maintain any Regulatory Approval or comply with GMP or other Applicable Law.

Exhibit 2.2-A

Base Fees

Patheon will charge the monthly Base Fee per Manufacturing Suite, as set forth below.

[**]

Services included in the scope of the Base Fees and services which may constitute Bill Back Items and Additional Services are further defined in Schedule 2.1(a) of the Manufacturing and Supply Agreement.

The Base Fee stated herein is calculated as at the [**]. The Base Fee will be adjusted on [**] to reflect any increase in the UK RPIJ: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk) during the previous 12 months.

Exhibit 2.2-B

Payment Schedule for Process and Validation Fees

[**]

Exhibit 4.2

Patents

[**]

PORTIONS OF THIS EXHIBIT MARKED BY […***…] **HAVE BEEN OMITTED PURSUANT TO RULE 601(B)(10) OF REGULATION S-K. THE OMITTED INFORMATION IS (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

MANUFACTURING AND SUPPLY AGREEMENT

MANUFACTURING AND SUPPLY AGREEMENT

This **MANUFACTURING AND SUPPLY AGREEMENT** (this "Agreement") dated as of July 31, 2015 (the "Effective Date") is made by and between Flexion Therapeutics, Inc., a Delaware corporation having its principal place of business at 10 Mall Road, Suite 301, Burlington, Massachusetts, United States ("Flexion") and Patheon UK Limited, a company incorporated in England and Wales having its principal place of business at Kingfisher Drive, Covingham, Swindon, SN35BZ, United Kingdom ("Patheon"). Flexion, and Patheon are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Flexion has a commercial interest in the Manufacture (as defined herein) and commercialization of FX006 drug product, an extended-release formulation of triamcinolone acetonide (TCA) which is manufactured using the Flexion Manufacturing Process (the "Product");

WHEREAS, Patheon has expertise and experience in manufacturing and packaging pharmaceutical products and is interested in providing Manufacturing services to Flexion in connection with the Product;

WHEREAS, in anticipation of this Agreement and the goods and services that Patheon will supply hereunder, the Parties are executing an agreement pursuant to which Patheon would undertake certain technical transfer and construction services in order to validate and scale up Flexion's technology package and prepare Patheon's facilities for the Manufacture of the Product (the "Technical Transfer Agreement"); and

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants of the Parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE I. DEFINITIONS

The following terms shall have the meanings set forth below. Unless the context indicates otherwise, the singular shall include the plural and the plural shall include the singular. Any term not defined hereunder shall have the meaning ascribed to such term in the Technical Transfer Agreement.

1.1 "Additional Services" means any services requested and approved by Flexion that supplement Patheon's regular performance of the Services, as described in Schedule 2.1(a).

1.2 "Affiliate(s)" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For the purposes of this Section 1.2 only, a Person will be regarded as in control of another Person if such Person owns, or directly or indirectly controls, more than 50% of the voting securities (or comparable equity interests) or other ownership interests of the other Person, or if such Person directly or indirectly possesses the power to direct or cause the direction of the management or policies of the other Person, whether through the ownership of voting securities, by contract, or any other means whatsoever.

1.3 "Agreed Delivery Date" has the meaning set forth in Section 2.3(d).

1.4 "Agreement" has the meaning set forth in the Preamble hereto.

1.5 "API" means the active pharmaceutical ingredient Triamcinolone Acetonide, Micronised.

1.6 "Applicable Law" means applicable United States, Canadian, English and other foreign federal, state, and local laws, orders, rules, regulations, guidelines, standards, customs and ordinances, including, without limitation, those (to the extent they are applicable) of the FDA, Health Canada, the Medicines and Healthcare Products Regulatory Agency in the United Kingdom and other comparable foreign Regulatory Authorities, including the FDA Act.

1.7 "Base Fee" means the monthly fee paid by Flexion in consideration for the Services, as more specifically set forth in Schedule 2.1(a) of this Agreement. For the avoidance of doubt, Base Fees do not include Capital Expenditures (as defined in the Technical Transfer Agreement), Product Fees, Material Costs, or charges for Bill Back Items or Additional Services.

1.8 "Bill Back Items" means the items and services set forth in Schedule 2.1(a) that are used or necessary in connection with the Manufacture of the Products and which result in a nominal cost to Flexion.

1.8a "Certificate of Analysis" means a certificate evidencing the analytical tests conducted on a specific batch of Product or Material and setting forth, *inter alia*, the items tested, specifications, and test results.

1.9 "Certificate of Compliance" means a certificate stating that a specific batch of Product complies with the warranty set forth in Section 6.3.

1.11 "Change of Control" has the meaning set forth in Section 10.5A.

1.12 "Claim" has the meaning set forth in Section 9.3(a).

1.13 "Control" or "Controlled" means ownership or the right by a Party to assign or grant a license or sublicense under intellectual property rights to the other Party of the scope set forth herein, without breaching the terms of any agreement with a Third Party.

1.14 "Diligent and Reasonable Steps" has the meaning set forth in Section 6.4(a).

1.15 "Deficiency Notice" has the meaning set forth in Section 2.8(a).

1.16 "Disclosing Party" has the meaning set forth in Section 1.90.

1.17 "Discretionary Manufacturing Changes" has the meaning set forth in Section 2.9(c).

1.18 "Effective Date" has the meaning set forth in the Preamble hereto

1.19 "EMA" means the European Medicines Agency.

1.20 "Equipment" means any equipment used in the Manufacture of the Product as more fully set forth in Section 2.9 herein.

1.21 "Existing Flexion Intellectual Property" has the meaning set forth in Section 5.1(a).

1.22 "Existing Patheon Intellectual Property" has the meaning set forth in Section 5.1(b).

1.23 "Expected Yield Rate" has the meaning set forth in Section 2.8(f).

1.24 "Expert" has the meaning set forth in Section 2.8(e).

1.25 "Exploit" means to make, have made, import, use, sell, offer for sale, receive or otherwise dispose of a product or process, including the research, development (including the conduct of clinical trials), registration, modification,

enhancement, improvement, Manufacture, storage, formulation, optimization, export, transport, distribution, promotion, or marketing of a product or process.

1.26 "Facility" means the facility of Patheon located at Kingfisher Drive, Swindon, Wiltshire SN3 5BZ, United Kingdom, or such other facility approved in accordance with Section 3.3(a).

1.27 "FDA" means the United States Food and Drug Administration and any successor organization thereto and all agencies under its direct control.

1.28 "FDA Act" means the Federal Food, Drug, and Cosmetic Act, as amended.

1.29 "FDA Approval Date" means the date of receipt of FDA approval allowing for Patheon's manufacturing, testing, and packaging for the Product from the Phase I Filling Space and Phase II Manufacturing Space.

1.30 "Filing Party" has the meaning set forth in Section 3.15(a).

1.31 "Flexion" has the meaning set forth in the Preamble hereto.

1.32 "Flexion Assignors" has the meaning set forth in Section 5.1(m).

1.33 "Flexion Improvements" has the meaning set forth in Section 5.1(e)(ii).

1.34 "Flexion Indemnified Parties" has the meaning set forth in Section 9.2.

1.35 "Flexion Manufacturing Equipment" has the meaning set forth in Section 2.9(a).

1.36 "Flexion Manufacturing Equipment Improvements" has the meaning set forth in Section 5.1(e)(i).

1.37 "Flexion's Manufacturing Process" means the proprietary process owned or Controlled by Flexion for Manufacturing the Product, as disclosed by Flexion to Patheon, and each intermediate of the Product, as established as of the Effective Date, including without limitation, as set forth in the investigational new drug application filed with the FDA, and, when applicable, as set forth in the NDA as may be filed with, and approved by, the FDA.

1.38 "Flexion's Manufacturing Process Improvements" has the meaning set forth in Section 5.1(e)(i).

1.39 "Flexion On Site Representative" has the meaning set forth in Section 3.4.

1.40 "Flexion Product Improvements" has the meaning set forth in Section 5.1(e)(i).

1.41 "Flexion Specification Improvements" has the meaning set forth in Section 5.1(e)(i).

1.41a "Flexion Specific Improvements" has the meaning set forth in Section 5.1(e)(i)

1.42 "Flexion-Supplied Materials" has the meaning set forth in Section 2.2(a).

1.43 "Forecast" has the meaning set forth in Section 2.3(a).

1.44 "GMP" means the current good manufacturing practices applicable from time to time to the Manufacturing of the Product, or any intermediate of the Product, pursuant to Applicable Law, including those promulgated under the FDA Act at 21 C.F.R. (chapters 210 and 211), and those promulgated under EC Directive 2003/94/EC, together with the latest FDA and EMA guidance documents pertaining to manufacturing and quality control practice, all as updated, amended and revised from time to time.

1.45 "Indemnification Claim Notice" has the meaning set forth in Section 9.3(a).

1.46 "Indemnified Party" has the meaning set forth in Section 9.3(a).

1.47 "Indemnifying Party" has the meaning set forth in Section 9.3(a).

1.48 "Initial Draft" has the meaning set forth in Section 3.15(b).

1.49 "Initial Term" has the meaning set forth in Section 8.1.

1.50 "Key Personnel" has the meaning set forth in Section 2.1(f).

1.51 "Late Product" has the meaning set forth in Section 2.7(b).

1.52 "Letter Agreement" means the Letter Agreement between the Parties dated 1 May 2015.

1.53 "Long Term Forecast" has the meaning set forth in Section 2.3(b).

1.54 "Loss" means any claims, lawsuits, losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and disbursements).

1.55 "Maintenance" means the maintenance of Equipment and Facilities in satisfactory operating condition, including the performance of systematic inspection and service of Equipment pursuant to the applicable Standard Operating Procedures of Patheon, as reviewed and agreed to by Flexion (the "Equipment Standard Operating Procedures"), or the manufacturer's terms of operation and recommended procedures.

1.56 "Make Good Costs" has the meaning set forth in Section 8.3(e).

1.57 "Manufacture" and "Manufacturing Services" means the manufacturing, processing, formulating, filling, sterilization, packaging, labelling, storage, handling, and quality control testing of Materials or of the Product.

1.58 "Manufacturing Suite IOQ" means the completion of the Phase I Filling Space and Phase II Manufacturing Space, including without limitation, the installation, qualification and operational qualification of the Equipment in each of the Phase I Filling Space and the Phase II Manufacturing Space, including the computer systems, utilities and manufacturing area enabling the initiations of technical transfer activities, as agreed to by the Parties and indicated by the delivery by Patheon to Flexion of the interim IOQ report for the Phase I Filling Space and Phase II Manufacturing Space.

1.59 "Manufacturing Services Termination Costs" has the meaning set forth in Section 8.3(g).

1.60 "Manufacturing Suite" means the manufacturing suite at the Facility capable of Manufacturing the Product pursuant to Flexion's Manufacturing Process, whose footprint is set forth in Schedule 1.60, together with the areas identified in the plan attached as Schedule 1.60 as the areas for the bulk powder Manufacture and bulk vial filling, and, pursuant to the terms of Section 2.10, the Phase I Filling Space. The footprint of the Manufacturing Suite is diagrammatic in nature and is intended to generally depict the location and approximate size of current and future spaces allocated to Flexion. Such footprint may be amended during the Term of and pursuant to the Technical Transfer Agreement to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, material, personnel, waste stream process flows, equipment sizing and utility requirements. For purposes of clarity, prior to the Phase III Manufacturing Suite Clearance Date (as defined in Section 2.10 herein), the definition of Manufacturing Suite shall include the Phase I Filling Space.

1.61 "Marketing Authorization" means an approved New Drug Application as defined in the FDA Act and the regulations promulgated thereunder, or any corresponding foreign application, registration, or certification, necessary or reasonably useful to market any Product in a country or regulatory jurisdiction other than the United States, including applicable pricing and reimbursement approvals, and all supplements and amendments thereto.

1.62 "Materials" means all API, excipients and processing aids, and processing, filling and packaging components, used in connection with the Manufacture of the Product and listed in Schedule 1.62, as amended prior to Product launch, based on the Parties' most recent usage experience rate, and to reflect changes to the Specifications.

1.64 "Material Costs" has the meaning set forth in Section 2.2(a).

1.65 "Maximum Manufacturing Services Termination Costs" has the meaning set forth in Section 8.3(g).

1.66 Not used.

1.67 "NDA" means the new drug application for a product, including the Product, requesting permission to place a drug on the market in accordance with 21 C.F.R. Part 314, and all supplements filed pursuant to the requirements of the FDA, including all documents, data, and other information filed concerning such product that are necessary for FDA approval to market such product in the Territory.

1.68 "Non-Conforming Product" means (a) a batch of Product that fails, or is aborted during processing; or (b) a Product Manufactured by Patheon that fails to […***…].

1.69 "Non-Filing Party" has the meaning set forth in Section 3.15(a).

1.69a "Non-Specific Improvement" has the meaning set forth in Section 5.1(e)(ii)

1.70 "PAI" has the meaning set forth in Section 3.8.

1.71 "Party" and "Parties" have the meanings set forth in the Preamble hereto.

1.72 "Patheon" has the meaning set forth in the Preamble hereto.

1.73 "Patheon Assignors" has the meaning set forth in Section 5.1(l).

1.74 "Patheon Improvements" has the meaning set forth in Section 5.1(f)(ii).

1.75 "Patheon Indemnified Parties" has the meaning set forth in Section 9.1.

1.76 "Patheon Independent Manufacturing Equipment Improvements" has the meaning set forth in Section 5.1(f)(i).

1.77 "Patheon Manufacturing Equipment" has the meaning set forth in Section 2.9(a)(ii).

1.78 "Patheon Non-Applicable Inventions" has the meaning set forth in Section 5.1(f)(ii).

1.79 "Patheon Nonconformance" has the meaning set forth in Section 2.8(c).

1.80 "Patheon-Supplied Materials" has the meaning set forth in Section 2.2(a).

1.81 Not used.

1.82 "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other similar entity or organization, including a government or political subdivision, department, or agency of a government.

1.83 "Phase I Filling Space", "Phase II Manufacturing Space" and "Phase III Manufacturing Suite" shall each be as represented in Schedule 1.60. After the Phase III Manufacturing Suite Clearance Date, the Phase II Manufacturing Space shall be incorporate into the Phase III Manufacturing Suite.

1.84 "Phase I Filling Space Fee" has the meaning set forth in Schedule 2.1(a) at section II.

1.85 "Phase III Manufacturing Suite Clearance Date" has the meaning set forth in section 2.10(d).

1.86 "Phase III Option" has the meaning set forth in section 2.10 (b).

1.87 "Product" has the meaning set forth in the Recitals hereto in finished, unpackaged form, according to the Specifications, as the same may be amended from time to time.

1.88 "Product Fee" has the meaning set forth in Section 2.4.

1.89 "Project Manager" and "Project Managers" have the meaning set forth in Section 3.4.

1.90 "Proprietary Information" means any information disclosed hereunder by one Party (the "Disclosing Party") to another Party (the "Receiving Party") (whether disclosed in oral, written, electronic or visual form) that is non-public, confidential or proprietary including, without limitation, information relating to the Disclosing Party's patent and trademark applications, process designs, process models, drawings, plans, designs, data, databases and extracts therefrom, formulae, methods, know-how and other intellectual property, its clients or client confidential information, finances, marketing, products and processes and all price quotations, manufacturing or professional service proposals and information relating to composition and proprietary technology. In addition, all analyses, compilations, studies, reports or other documents prepared by any Party's directors, officers, employees, advisers, agents, consultants, subcontractors, service partners, professional advisors, or representatives (collectively, "Representatives") containing the Proprietary Information will be deemed to be Proprietary Information.

1.91 "Purchase Order" means a written purchase order that sets forth (a) the quantities of each presentation of Product to be delivered by Patheon to Flexion, (b) the requested delivery dates therefor, and (c) the size of the vials and bulk packaging to be used for such Product.

1.92 "Quality Agreement" has the meaning set forth in Section 3.1.

1.94 "Receiving Party" has the meaning set forth in Section 1.90.

1.95 "Regulatory Approval" means any and all approvals (including pricing and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority necessary to Exploit the Product in any country in the Territory, including any (a) approval of a Product, Marketing Authorization and supplements and amendments thereto; (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto); (c) labelling approval; and (d) technical, medical, and scientific licenses.

1.96 "Regulatory Authority" means any applicable supra-national, federal, national, regional, state, provincial, or local regulatory agencies, departments, bureaus, commissions, councils, or other government entities regulating or otherwise exercising authority with respect to the Exploitation of a Product in the Territory.

1.97 "Regulatory Filings" has the meaning set forth in Section 3.15.

1.98 "Regulatory Obligations" has the meaning set forth in Section 3.15.

1.99 "Remediation Period" has the meaning set forth in Section 8.2(a)(iii).

1.100 "Replacement Entity" has the meaning set forth in Section 8.3(f).

1.101 "Reports" has the meaning set forth in Section 3.11.

1.102 "Required Manufacturing Changes" has the meaning set forth in Section 2.9(b).

1.103 "Scheduled Production Date" has the meaning set forth in Section 2.3(d).

1.104 "Services" means the (a) Manufacturing Services performed by Patheon under this Agreement and (b) the Transfer Services performed by Patheon pursuant to the Technical Transfer Agreement.

1.105 "Shipment Costs" has the meaning set forth in Section 2.8(c).

1.106 "Specifications" means the specifications for each presentation of Product (*i.e.*, the dosage forms in Schedule 1.82) given by Flexion to Patheon relating to the specifications of the Materials; the manufacturing specifications, directions and processes; the storage requirements; all environmental, health and safety information for the Product including material safety data sheets and the finished Product specifications, specifications for bulk and primary packaging and shipping requirements for the Product, as amended, modified, or supplemented from time to time.

1.107 "Steering Committee" has the meaning set forth in the Technical Transfer Agreement.

1.108 "Supplies" means various consumables / disposables used in small quantities for gowning, cleaning of Equipment and Manufacturing Suite, and in quality control testing of Materials and Product.

1.109 "Taxes" means all forms of taxation and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholding or liabilities wherever chargeable and whether of the United Kingdom or any other jurisdiction (including for the avoidance of doubt, national insurance contributions in the United Kingdom) and any penalty, fine, surcharge, interest, charge, charges or costs thereto.

1.110 "Technical Transfer Agreement" has the meaning set forth in the Recitals.

1.111 "Term" has the meaning set forth in Section 8.1.

1.112 "Territory" means […***…] and other territories agreed by the Parties pursuant to Section 2.2(h) from time to time.

1.113 "Third Party" means a Person who is neither a Party nor an Affiliate of a Party.

1.114 "Third Party Losses" means Losses incurred as a result of claims brought by Third Parties.

1.115 "Transfer Services" has the meaning set forth in Section 1.64 of the Technical Transfer Agreement.

1.116 "TUPE" has the meaning set forth in Section 8.3(f).

1.117 "VAT" has the meaning set forth in Section 4.4(c).

1.118 "Yield" has the meaning set forth in Section 2.8(f).

1.119 "Yield Reimbursement Payment" has the meaning set forth in Section 2.8(f).

ARTICLE II. MANUFACTURING SERVICES

2.1 Supply Obligations.

(a) Subject to the terms and conditions hereof and in consideration for the payments set forth in Schedule 2.1(a), Patheon shall provide the Manufacturing Services and shall supply the Product […***…] to Flexion. Flexion agrees to purchase from Patheon such quantities of Product as Flexion may order, in its discretion, in accordance with the terms herein during the Term.

(b) Pursuant to the Technical Transfer Agreement, Flexion will develop and Patheon will confirm Flexion's Manufacturing Process. Flexion's Manufacturing Process is the Proprietary Information of Flexion, as further clarified in Article V.

(c) Patheon shall Manufacture all Products delivered hereunder (i) in accordance with the Specifications, this Agreement, the Quality Agreement, and (ii) in compliance with GMP and all other Applicable Law.

(d) Patheon shall ensure that sufficient numbers of adequately educated and experienced staff are retained at the Facility in order to Manufacture evenly throughout the year the volumes of Product set out in the Forecast. Patheon shall perform all activities necessary to maintain a GMP compliant status of the manufacturing lines and areas of the Facility applicable to the Manufacture of the Product.

(e) Flexion reserves the right to request replacement of any personnel assigned by Patheon to perform the Services hereunder. If Patheon disagrees with such request and the Parties cannot reach resolution on Flexion's request for

replacement, such request will be discussed by the Steering Committee pursuant to the procedures set forth in Exhibit 2.7 of the Technology Transfer and Services Agreement.

(f) Patheon shall perform the Services under the direction of key personnel of Patheon to a project for the duration of the project ("Key Personnel"). Key Personnel include the Project Manager, Operational Manager, Quality Manager or other personnel reasonably agreed-to by the Parties. Patheon shall provide information on the qualifications and background of all proposed Key Personnel prior to such Key Personnel's commencement of activities under this Agreement on Patheon's behalf. Patheon will not remove Key Personnel without Flexion's prior written consent (not to be unreasonably withheld, conditioned or delayed) except in the event of such Key Personnel's promotion, resignation, incapacity or death, or termination for cause. Patheon will use commercially reasonable efforts to minimize turnover in Key Personnel, and will provide […***…] business days' notice to Flexion, whenever practical, of any changes to the Key Personnel, at which point, both Parties shall discuss and reasonable agree on a suitable replacement.

2.2 Materials, Bill Back Items and Additional Services.

(a) All Materials necessary for the Manufacture of the Product are set forth in Schedule 1.62. Patheon shall source all of the Materials set forth on Schedule 1.62 under the heading "Patheon Supplied Materials ("Patheon-Supplied Materials"), and such Materials will be invoiced to Flexion monthly at the time of purchase by Patheon, at cost plus an […***…]% handling fee, in accordance with the invoicing procedure set forth in ARTICLE IV ("Material Costs"). Flexion will purchase, and ship to Patheon in accordance with Schedule 1.62 under the heading "Flexion Supplied Materials" (the "Flexion-Supplied Materials") unless otherwise agreed to by the Parties. Patheon shall store, handle, and protect the Materials with a reasonable level of care, which shall include taking all reasonable precautions to ensure that the Materials are not subject to contamination, deterioration, destruction, or theft. Patheon shall keep adequate records of its usage of the Materials during the Term.

(b) Flexion acknowledges that Patheon is required under GMP to follow certain verification and approval processes for all vendors used by Patheon in the procurement of Materials. In the event that Flexion requests Patheon to procure Materials from a vendor that is not currently verified by Patheon, Flexion will be liable for Patheon's fees for the performance of the initial audit and verification activities by Patheon under this Section 2.2(b) as an Additional Service.

(c) Flexion will, at its sole cost and expense, deliver to Patheon the Flexion-Supplied Materials to the Facility DDP (Incoterms 2010) at no cost to Patheon at least […***…] days before the Scheduled Production Date, in sufficient quantities for Patheon to Manufacture the desired quantities of Product and to ship Product by the Agreed Delivery Date. If the Flexion-Supplied Materials are not received […***…] days before the Scheduled Production Date, Patheon may delay the shipment of Product for a period of time proportionate to such delay. All shipments of Flexion-Supplied Materials, if required, will be accompanied by Certificate(s) of Analysis from the Material manufacturer or Flexion, confirming its compliance with the Material's specifications. Flexion will obtain the proper release of the Flexion-Supplied Materials from the applicable customs agency and/or Regulatory Authority. Flexion or Flexion's designated broker will be the "Importer of Record" for Flexion-Supplied Materials imported to the Facility. Flexion-Supplied Materials will be held by Patheon on behalf of Flexion as set forth in this Agreement. Title to Flexion-Supplied Materials will at all times remain the property of Flexion. Any Flexion-Supplied Materials received by Patheon will only be used by Patheon to perform the Manufacturing Services or associated activities necessary to perform the Manufacturing Services (e.g. media fills or validation runs).

(d) Flexion and Patheon will agree upon a minimum inventory level of Patheon-Supplied Materials required to support the Manufacture of the Product based on the last Forecast received by Patheon from Flexion. Patheon will keep on hand all Materials necessary to support the Manufacture of the Product based on such agreed-upon minimum inventory levels.

(e) Patheon will provide sufficient storage capacity to support storage of the required quantity of Materials pursuant to Section 2.2 of this Agreement for up to the longer of […***…] or the amount of time set forth next to the applicable Material on Schedule 1.62 herein. Patheon will also provide sufficient storage capacity to support storage of Product for up to […***…] post Manufacture […***…]. Any additional storage, or storage of Materials (either Flexion-Supplied Materials or Patheon-Supplied Materials) or Product beyond the applicable period stated herein, will be subject to the mutual agreement of the Parties. For any such additional storage, Flexion will pay Patheon

£[…***…] per pallet, per month for storing any Materials or Product. Storage of Materials or Product that contain controlled substances or require refrigeration will be charged at £[…***…] per pallet per month. Storage fees are subject to a one pallet minimum charge per month. […***…] will be liable for all risk or loss of damage to stored Materials or Product to the extent such damage was caused by […***…]'s, or its subcontractor's or vendors', […***…]. Patheon shall store the Product according to GMP, any applicable storage guidelines stipulated by Flexion and agreed by Patheon and the provisions under the Quality Agreement.

(f) Bill Back Items will be charged to Flexion at Patheon's cost plus a […***…]% handling fee. Patheon shall invoice Flexion monthly for any Bill Back Items used in connection with the Manufacture of the Products during the preceding month in accordance with ARTICLE IV. Patheon may only invoice Bill Back Items that have been quoted to and approved in writing by Flexion's Project Manager, or otherwise mutually agreed to by the Parties in advance.

(g) If Flexion is interested in having Patheon perform Additional Services, Flexion will provide Patheon with a written request containing sufficient detail to enable Patheon to provide Flexion with a quote and proposal to provide such Additional Services. Patheon may only invoice for Additional Services that have been quoted to and approved in writing by an authorized person of Flexion and that have been agreed in writing by the Parties in a Change of Scope Agreement. Where a rate for Additional Services has been specified in Schedule 2.1 (a), such rates are calculated as at 1st January, 2015. These fees will be adjusted on 1st January of each year (first review […***…]) to reflect any increase in the UK Consumer Price Index: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk, specific details are located at http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices during the previous 12 months (based on the average of the monthly changes over the 12-month period). Patheon shall invoice Flexion monthly for any Additional Services performed by Patheon during the preceding month in accordance with ARTICLE IV.

(h) If Flexion decides to have Patheon perform Manufacturing Services for the Product for a Territory outside the […***…], then Flexion will inform Patheon of the additional requirements for each new country and Patheon will prepare a quotation for consideration by Flexion of any additional costs for the Product destined for each new country. The agreed additional requirements and change over fees will be set out in a written amendment to this Agreement.

(i) Patheon-Supplied Materials.

(i) Patheon will purchase all Patheon-Supplied Materials. Flexion understands and acknowledges that Patheon will rely on Flexion's Purchase Orders and Forecasts in ordering the Patheon-Supplied Materials required to meet the Purchase Orders. In addition, Flexion understands that to ensure an orderly supply of Patheon-Supplied Materials, Patheon may want to purchase Patheon-Supplied Materials in sufficient volumes to meet the production requirements for Products during part or all of the Forecast or to meet the production requirements of any longer period agreed to by Patheon and Flexion. Accordingly, Flexion authorizes Patheon to purchase Patheon-Supplied Materials to satisfy the Manufacturing Services requirements for Products for the first […***…] contemplated in the most recent Forecast. Patheon may make other purchases of Patheon-Supplied Materials to meet Manufacturing Services requirements for longer periods if agreed to in writing by the Parties. Flexion will give Patheon written authorization to order Patheon Supplied Materials for any launch quantities of Product request by Flexion which will be considered a Purchase Order when accepted by Patheon. Flexion will reimburse Patheon for any destruction costs, as mutually agreed to in good faith, of any Patheon-Supplied Material ordered by Patheon under Purchase Orders or under Section 2.2(i) that are not included in finished Products Manufactured for Flexion within […***…] after the forecasted month for which the purchases have been made (or for a longer period as the Parties may agree). If any non-expired Patheon-Supplied Materials are used in Products subsequently manufactured for Flexion, Flexion will receive credit for any costs of those Patheon-Supplied Materials previously paid to Patheon by Flexion.

2.3 Forecasting, Order, and Delivery of Products.

(a) No later than […***…] prior to the anticipated FDA Approval Date and thereafter at least […***…] prior to the […***…] of each […***…] during the Term, Flexion shall deliver to Patheon a written good faith […***…] month forecast, calculated by month, estimating the quantities of each presentation of Product that Flexion expects to purchase from Patheon during such period (each, a "Forecast"). If Patheon is unable to accommodate any portion of the Forecast, it will notify Flexion and the Parties will agree on any revisions to the Forecast. Flexion shall update the Forecast on or before the […***…] of each […***…] on a rolling forward basis. Flexion shall use

commercially reasonable efforts to also update the Forecast prior to the next […***…] deadline if it determines that the volumes estimated in the most recent Forecast have changed by more than […***…] percent […***…]%). The most recent Forecast will prevail. Except as set forth in Section 2.3(c) below, each Forecast shall be non-binding and shall be used by Patheon for planning purposes only.

(b) Commencing on […***…], Flexion will give Patheon a written non-binding […***…]-year forecast for strategic purposes, of the volume of Product Flexion then anticipates to purchase from Patheon for each year during such period (the "Long Term Forecast"). The Long Term Forecast will thereafter be updated every six months (as of June 1 and December 1) during the Term. If Patheon is unable to accommodate any portion of the Long Term Forecast, it will notify Flexion and the Parties will agree on any revisions to the Long Term Forecast.

(c) […***…]. Flexion will issue Purchase Order(s) to purchase and, when accepted by Patheon, for Patheon to Manufacture and deliver the forecasted quantity or a quantity greater than the forecasted quantity of the Product for each such […***…] period, provided that the delivery lead time must be at least […***…] days from the date of Patheon's acceptance of the Purchase Order pursuant to clause (d) below. The quantities of Products ordered in Purchase Orders will be firm and binding on Flexion and may not be reduced by Flexion. Unless otherwise stated herein, expedited Purchase Orders will be subject to additional fees.

(d) Patheon shall accept all Purchase Orders for Product that are issued consistent with the terms of this Agreement. Patheon shall accept in writing any Purchase Order by sending an acknowledgement to Flexion within […***…] business days of its receipt of the Purchase Order. The acknowledgement will include, subject to confirmation from Flexion, the delivery date for the Product ordered which shall be approximately […***…] days from the date of Patheon's acceptance of the Purchase Order ("Agreed Delivery Date") and the scheduled date of production for such Products ("Scheduled Production Date") for the purposes of Section 2.2(c). The Agreed Delivery Date may be amended by agreement of the Parties or as set forth in Section 2.2(c). If Patheon fails to acknowledge receipt of a Purchase Order within the […***…] business day period, the Purchase Order will be deemed to have been accepted by Patheon.

(e) Patheon shall deliver Product to Flexion […***…] the Facility (as defined in Incoterms 2010) by the Agreed Delivery Date. All Product shall be packed for shipping in accordance with the Specifications. Title and risk of loss to Product shall pass to Flexion (or a designated Flexion Affiliate) […***…]. Each delivery of Product shall be accompanied by a Certificate of Analysis and a Certificate of Compliance and such other documents as may be required pursuant to the Quality Agreement. The costs of all freight, insurance, handling fees, taxes, and other costs associated with the shipment of Product, as well as export licenses, import license, and customs formalities for the import and export of goods will be borne by […***…]. Patheon shall endeavour to make all deliveries of Product hereunder utilizing stock rotation based on expiration dating, with Product expiring earliest delivered first, save that a failure to comply with this requirement shall not be grounds for Flexion to reject any Product. Flexion shall collect shipments reasonably promptly from the Facility following notification of availability for delivery from Patheon. Storage of Product will be as described in Section 2.2(e). Patheon will, in accordance with Flexion's instructions and as agent for Flexion, at Flexion's risk, arrange for shipping to be paid by Flexion. Flexion will arrange for insurance and will select the freight carrier used by Patheon to ship Products and may monitor Patheon's shipping and freight practices as they pertain to this Agreement.

(f) If Flexion cancels any Purchase Order after receipt thereof by Patheon, Flexion will pay Patheon […***…]% of the Product Fee for the Purchase Order.

2.4 Product Fees. The purchase price for all Products Manufactured hereunder (the "Product Fee") shall be as set forth on Schedule 2.1(a). Patheon shall invoice Flexion for all quantities of Product Manufactured and ready for collection by Flexion not previously invoiced in accordance with Purchase Orders. All Product Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV.

2.5 Base Fees. Patheon will invoice Flexion monthly in advance for the Base Fee and any Phase I Filling Space Fee set forth Schedule 2.1(a). All Base Fees and Phase I Filling Space Fees will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV.

2.6 Product Fee Adjustment. The Parties shall use commercially reasonable efforts to reduce, through operating efficiencies, the cost of Manufacture of the Products during the Term and the benefits of such reduction in costs shall be shared equally by the Parties. The Product Fee stated herein is calculated as at the 1st January 2015. Starting on the […***…], the Product Fee shall be adjusted annually to reflect any increase in the UK Consumer Price Index: All Items Index published by the Office for National Statistics (as published at www.ons.gov.uk, specific details are located at http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/) during the preceding twelve (12) months (based on the average of the monthly changes over the 12-month period). Schedule 2.1(a) shall be deemed amended pursuant to the terms hereof. The Product Fee is subject to adjustment if, after […***…] from the FDA Approval Date, (i) Flexion does not submit Purchase Orders for at least […***…] vials of Product per calendar year, in which case the Product Fee may increase by an amount reasonably sufficient for Patheon to absorb its increased costs, and (ii) Flexion submits Purchase Orders for more than […***…] vials of Product per calendar year, in which case the Product Fee may decrease for the volumes of Product exceeding […***…] vials per calendar year as reasonably agreed-on by the Parties in order to adjust for additional volume discounts and economies of scale.

2.7 Failure or Inability to Supply Product.

(a) Patheon shall ensure that Product is Manufactured and delivered to Flexion on a timely basis consistent with the terms of this Agreement (including the Forecast and Purchase Order procedures set forth in Section 2.3). In the event that Patheon, at any time during the Term, shall have reason to believe that it will be unable to supply Flexion with the full quantity of Product forecasted to be ordered or actually ordered by Flexion in a timely manner and in conformity with the warranty set forth in Section 6.3 (whether by reason of force majeure or otherwise), Patheon shall notify Flexion thereof within […***…] business days. Promptly thereafter, the Parties shall meet to discuss how Flexion shall obtain such full quantity of conforming Product. Compliance by Patheon with this Section 2.7(a) shall not relieve Patheon of any other obligation or liability under this Agreement, including any obligation or liability under clause (b) below. If Patheon's inability is partial, Patheon shall fulfill Purchase Orders with such quantities of Product as are available. In the event Patheon's inability to meet Purchase Orders or forecasts is due to a shortage of production capacity in the Manufacturing Suite, Patheon shall in addition to the foregoing requirements, promptly notify Flexion of such shortage of production capacity and the estimated date such shortage of production capacity is to end.

(b) If Patheon fails to Manufacture the full quantity of Product specified in a Purchase Order by the Agreed Delivery Date and in conformity with the warranty set forth in Section 6.3 (and such failure is directly due to the acts or omissions of Patheon where such acts or omission does not constitute a force majeure event pursuant to the terms of Section 10.2) ("Late Product"), and Patheon is unable to cure such failure within […***…] days, in full and final settlement of such failure, Flexion, at its option, may (i) cancel the unfulfilled portion of such Purchase Order, in which event Flexion shall have no liability with respect to the portion of such Purchase Order so cancelled, or (ii) accept late delivery of all or any portion of the Product specified in such Purchase Order, in which event (A) Patheon shall pay all reasonable documented shipping costs for the expedited shipment of Product that are required in addition to the shipping costs for a non-expedited shipment (which shall be the responsibility of Flexion), and (B) the Product Fee otherwise payable by Flexion with respect to all Product delivered late but accepted by Flexion under such Purchase Order shall be reduced by […***…]% per day for each day of delay after such Agreed Delivery Date, but not to exceed in aggregate an amount equal to […***…]% of the Product Fees of the Product delivered late (i.e., […***…] days) per Purchase Order; provided that, sub-Section (ii) shall only apply after the Manufacture and delivery of the first […***…] batches of commercial Product (including validation batches) pursuant to this Agreement, following which, if the Parties agree that the Manufacturing process is sufficiently robust to allow the Product to be delivered in a timely manner, this sub-Section (ii) shall be implemented. Any Product which is delivered to Flexion with less than […***…] of expiry, assuming a product shelf life of […***…], shall be considered Non-Conforming Product subject the provisions of Section 2.8(c); provided that, if the Product shelf life is not […***…] (as set forth in the FDA approved label for the Product), the Parties shall mutually agree in good faith on the reasonably appropriate minimum amount of expiry a Product should have when delivered.

2.7 A. Batch Numbering and Expiration Dates: Each batch of the Product manufactured by Patheon will bear a unique lot number using Patheon batch numbering system. This number will be printed on the aluminum cap of the

vial and will appear on all documents relating to the particular batch of Product and shall identify the date of manufacture for the batch of Product. Patheon will calculate the expiration date for the Product for each batch by adding the expiration period of the Product supplied by Flexion to the date of manufacture of each batch.

2.8 Non-Conforming Product.

(a) In the event Patheon discovers a potential Non-Conforming Product prior to delivery of such Product to Flexion, Patheon shall provide written notice to Flexion as soon as practicable describing in detail the Non-Conforming Product and the potential cause of such Non-Conforming Product. Flexion (or its shipping carrier) will perform a customary inspection of the Products Manufactured by Patheon on receipt. For the avoidance of doubt, such inspection will be limited to a visual inspection of the shipment-ready packaged Products (and associated shipping documentation) and Flexion will not be obliged to perform any testing of the Product. Flexion shall within (i) […***…] days after delivery thereof by Patheon or (ii) within […***…] days after Flexion discovers or is informed of a discovery of nonconformity that could not reasonably have been detected by the customary inspection on delivery (but not after the expiration date of the Product), give Patheon notice of any Non-Conforming Product (including a sample of such Non-Conforming Product, if applicable) (a "Deficiency Notice"). Subject to Flexion's rights under 3.10 and 3.12, should Flexion fail to give Patheon the Deficiency Notice within the applicable […***…] day period, then the delivery will be deemed to have been accepted by Flexion on the […***…] day after delivery or discovery, as applicable. Patheon shall have no liability under this Section 2.8 for Nonconforming Product for which it has not received a Deficiency Notice within such applicable […***…] day period.

(b) Patheon shall conduct a root-cause analysis to verify whether a Product constitutes a Non-Conforming Product and, if found, to determine the cause of such Non-Conforming Product (including by undertaking an appropriate evaluation of a Non-Conforming Product sample, as applicable).

Flexion shall provide reasonable cooperation to Patheon in connection with any such root-cause analysis. Patheon shall notify Flexion in writing of its determination regarding whether the Product constitutes a Non-Conforming Product within […***…] days after either discovery of the Non-Conforming Product or receipt of such Deficiency Notice from Flexion, as applicable. Such notification shall include Patheon's good faith determination of the cause of the Non-Conforming Product.

(c) "Patheon Nonconformance" shall mean (i) Patheon's failure to perform […***…] pursuant to Section […***…], and (ii) Patheon's failure to provide the […***…] in accordance with the […***…]. In the event of a Non-Conforming Product caused by a Patheon Nonconformance, Patheon, at Flexion's option, promptly shall (x) supply Flexion with a conforming quantity of Product at Patheon's expense (subject to Flexion supplying Patheon with Flexion-Supplied Materials and Patheon reimbursing Flexion for the actual costs of […***…]) and reimburse Flexion for any incurred shipment costs in the event that the Non-Conforming Product was shipped from the Facility at the time of the discovery of the Patheon Nonconformance ("Shipment Costs")); or (y) reimburse Flexion for the applicable Product Fee (including the cost of any Patheon-Supplied Materials), the actual costs of the […***…] and Shipment Costs with respect to such Non-Conforming Product (in each case, to the extent already paid by Flexion). For each of (x) and (y) above, Patheon's obligation to reimburse […***…] shall be subject to the limitation of liability in Section 9.5(a) herein but Section 9.5(a) (1) shall not apply in relation to the internal expenses incurred by Patheon to supply conforming Product to Flexion pursuant to (x), including the cost of any Patheon-Supplied Materials or any Shipment Costs, and (2) shall not apply to the reimbursement of the Product Fee pursuant to (y). For the avoidance of doubt, Flexion will not be liable for Product Fees for Non-Conforming Product caused by a Patheon Nonconformance.

(d) If the Non-Conforming Product was caused by any reason other than a Patheon Nonconformance or the cause of such non-conformance is not due to Patheon Nonconformance (where applicable, as may be determined by an Expert in accordance with 2.8(e), Flexion shall be liable for all expected Product Fees for such Non-Conforming Product, to the extent not already paid.

(e) If, following the root-cause analysis described in Section 2.8(b), Patheon notifies Flexion that it does not believe the Product is a Non-Conforming Product, or if the Parties disagree as to the cause of a Non-Conforming Product, the Parties shall first submit such dispute to the Project Managers for prompt resolution. If the Project Managers cannot resolve the dispute, the Parties shall submit the dispute to an independent expert or (if mutually agreed to by the Parties) a testing lab, each as agreed by the Parties (a "Expert") for evaluation, provided that both Parties shall be

entitled to observe and obtain copies of all results of such evaluation. The Expert shall determine (i) whether the Product is a Non-Conforming Product and (ii) the cause of the Non-Conforming Product; provided that, if the cause of the Non-Conforming Product is undeterminable the Expert shall give an opinion as to the likely cause. Both Parties shall cooperate with the Expert's reasonable requests for assistance in connection with its evaluation hereunder. The findings of the Expert shall be binding on the Parties, absent fraud or manifest error. The expenses of the Expert shall be borne (x) by Patheon if the testing confirms the Non-Conforming Product and the cause or likely cause is found to be a Patheon Nonconformance; (y) by Flexion if the testing confirms the Non-Conforming Product and the cause or likely cause is found not to be a Patheon Nonconformance or the cause or likely cause of such non-conformance is not identifiable; and (z) by the Party stating the Product was Non-Conforming in the event the testing concludes that the Product meets the warranty set forth in Section 6.3. Costs of dealing with Product Complaints and Inquiries will be dealt with in accordance with Section 3.10. Costs of recalls will be dealt with in accordance with Section 3.12. Patheon shall have no liability for any Non-conforming Product unless such Non-conforming Product is identified as being due to a Patheon Nonconformance (where applicable, as may be determined by an Expert in accordance with 2.8(e).

(f) During its performance of the Manufacturing Services, Patheon is expected to produce a certain percentage of saleable batches of Product (the "Yield"). For the avoidance of doubt, Nonconforming Product arising from anything other than a Patheon Nonconformance is treated as good and saleable Product for the purposes of this Section 2.8(f). The Parties shall calculate and mutually agree on the expected Yield after each anniversary of the initial batch of commercial Manufacture of Product and based on at least […***…] batches of Product (the "Expected Yield Rate"). In the event the actual Yield in any calendar year is more than […***…]% lower than the then-current Expected Yield Rate for such calendar year, (i) Patheon and Flexion will engage in good faith discussions to agree to a remediation plan describing the steps to be taken to achieve the then-current Expected Yield Rate and (ii) Patheon will reimburse Flexion for […***…] used by Patheon as a result of Patheon's failure to meet the Expected Yield Rate in such batches (i.e., a pro-rated refund of […***…] paid by Flexion and/or reimbursement to Flexion for the costs of any […***…]) subject to the limitation of liability in Section 9.5(a) (the "Yield Reimbursement Payment"). In the event the actual Yield in any calendar year is more than […***…]% greater than the then-current Expected Yield Rate for such calendar year, Patheon shall be entitled to reduce any Yield Reimbursement Payment to be made in the next calendar year by an amount equal to the excess Materials that would have been used by Patheon if the Yield for such calendar year was equal to the then-current Expected Yield Rate in such batches.

2.9 Equipment and Amendment of Product Specifications, Manufacturing Process, Equipment and Formulation.

(a) Equipment.

(i) "Flexion Manufacturing Equipment" shall mean process equipment necessary to Manufacture the bulk Product and shall consist of equipment for the bulk Manufacturing, vial preparation, fill/finish, and in-process control testing of the Product and its intermediates as more fully set forth on Schedule 2.9 attached hereto which must comply with all EU mandatory requirements including without limitation, Supply of Machinery (Safety) Regulations 2008 (UK Regulations, Secondary UK Legislation), Electrical equipment of machines (General requirements BS EN 60204-1:2006+A1:2009) (British Product Standards), Machinery Directive 2006/42/EC (European Union Directive), Low Voltage Directive (LVD) 2006/95/EC (European Union Directive), and Electromagnetic Compatibility (EMC) Directive 2004/108/EC (European Union Directive).

(ii) "Patheon Manufacturing Equipment" shall mean any equipment, other than the Flexion Manufacturing Equipment, necessary to Manufacture the Product including as more fully set forth in Schedule 2.9 attached hereto, waste handling systems and all building infrastructure and any and all improvements or additions made thereto, as approved in writing by Flexion.

(iii) Patheon, acting as Flexion's agent, shall purchase the Flexion Manufacturing Equipment on Flexion's behalf and pursuant to Flexion's written instruction. The inclusion of items of Flexion Manufacturing Equipment in Schedule 2.9, as may be amended by agreement from time to time, shall constitute written instruction to purchase. Title to all Flexion Manufacturing Equipment will be held by Flexion unless otherwise set forth in Schedule 2.9. Title to all Patheon Manufacturing Equipment will be held by Patheon.

(iv) Patheon is authorized to use the Flexion Manufacturing Equipment solely for the purposes of performing the Manufacturing Services for Flexion.

(v) During the Term, Flexion shall be responsible for additions and replacement cost of any Flexion Manufacturing Equipment and Patheon Manufacturing Equipment.

(vi) During the Term, Patheon shall, at its sole cost and expense, subject to this subsection (vi), provide all Maintenance for the Equipment and Facilities. Notwithstanding the foregoing, with respect to the Flexion Manufacturing Equipment and Patheon Manufacturing Equipment, Maintenance does not include (A) the cost of spare parts, (B) Equipment breakdowns caused by any reason outside of Patheon's reasonable control (other than breakdowns caused by Patheon's negligence or failure to maintain the Equipment in accordance with the applicable Equipment Standard Operating Procedures of Patheon or the manufacturer's terms of operation and recommended procedures), or (C) specialized maintenance services not within Patheon's technical expertise or that requires specialist equipment, in each case where Patheon is required to utilize a Third Party contractor. Patheon's costs associated with such spare parts and Third Party contractors will be reimbursed by Flexion as a Bill Back Item. Patheon shall not be liable for ordinary wear and tear of the Flexion Manufacturing Equipment or Patheon Manufacturing Equipment; Patheon shall only be liable for the repair or replacement of any damage caused to such Equipment where such damage arises due to its negligence or willful misconduct or its failure to maintain Equipment pursuant the applicable Equipment Standard Operating Procedures of Patheon or the manufacturer's terms of operation and recommended procedures. Throughout the Term of this Agreement, Patheon shall maintain property insurance on Flexion Manufacturing Equipment in the amount equal to the replacement value of such Equipment.

(b) For changes to the Specifications, Quality Agreement, Flexion's Manufacturing Process, the Equipment, the Services to be provided pursuant hereto or the formulation of the Product that are required by Applicable Law (collectively, "Required Manufacturing Changes"), Patheon and Flexion shall cooperate to promptly make such changes within the required timeline.

(c) For changes to the Specifications, Quality Agreement, Flexion's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product that are not Required Manufacturing Changes (collectively, "Discretionary Manufacturing Changes"), Patheon and Flexion must each agree to any Discretionary Manufacturing Changes and shall cooperate in making such changes, and each agrees that it shall not unreasonably withhold, condition or delay its consent to such Discretionary Manufacturing Changes.

(d) Notwithstanding the foregoing, all internal and external costs, including, without limitation, costs of obsolete Materials, work-in-process and Product (i) associated with Required Manufacturing Changes shall be borne by Flexion, and (ii) all such costs associated with Discretionary Manufacturing Changes shall be agreed between the Parties; provided that, in each case, all such costs shall be commensurate with costs common in the industry for the types of changes being made.

(e) In the event that Flexion changes the Specifications, Quality Agreement, Flexion's Manufacturing Process, the Equipment, the Services to be provided hereto or the formulation of the Product, or consents to any change by Patheon, Patheon shall provide to Flexion at Flexion's cost as an Additional Service any such documentation or other information with respect thereto as they relate to the Manufacturing Services as Flexion may reasonably request in order to obtain or maintain any Regulatory Approval or comply with GMP or other Applicable Law.

2.10 Phase I Filling Space Option.

(a) Prior to the Phase III Manufacturing Suite Clearance Date, Patheon shall provide the Manufacturing Services utilizing the Phase I Filling Space and Phase II Manufacturing Space. During this period, the Phase I Filling Space Fee set forth in Schedule 2.1(a) shall be payable if a period of […***…] has elapsed after the date on which Flexion submitted for approval to the FDA or other applicable Regulatory Authority for the Manufacture of Product in the Phase III Manufacturing Suite for commercial sale in the Territory. The Phase I Filling Space Fee shall cease to be payable on the Phase III Manufacturing Suite Clearance Date unless Flexion exercises the Phase I Option.

(b) After the Phase III Manufacturing Suite Clearance Date, (1) Patheon will provide the Manufacturing Services set forth herein utilizing the Phase II Manufacturing Space and Phase III Manufacturing Suite and (2) Flexion shall have the option to elect to have Patheon continue to provide the Manufacturing Services utilizing the Phase I Filling

Space for all or any portion of the remaining Term (the "Phase I Option"), provided that, (i) Flexion pays the Phase I Filling Space Fee set forth in Schedule 2.1(a) commencing after election of the Phase I Option, and (ii) the Phase I Option shall cease to be applicable if Flexion does not exercise the Phase I Option within […***…] from Patheon's notice to Flexion that […***…]. After the Phase III Manufacturing Suite Clearance Date, Patheon shall have no obligation to provide the Manufacturing Services utilizing the Phase I Filling Space unless Flexion has exercised the Phase I Option in accordance with this Section 2.10(b).

(c) The extent of the use of the Phase I Filling Space for the Manufacturing Services shall be at Flexion's sole discretion both prior to and after the Phase III Manufacturing Suite Clearance Date except that the Parties acknowledge that the Phase I Filling Space will […***…] after the Phase III Manufacturing Suite Clearance Date. The Parties shall discuss and agree […***…] in good faith but any associated costs or fees would be payable by […***…].

(d) For purposes of this Section 2.10, the "Phase III Manufacturing Suite Clearance Date" shall mean the date upon which, in Flexion's sole discretion, the FDA or other applicable Regulatory Authority, has approved or will allow the Product to be Manufactured in the Phase III Manufacturing Suite for commercial sale in the applicable Territory.

ARTICLE III. REGULATORY, ACCESS, AND OTHER MATTERS

3.1 Quality Agreement. Within […***…] of the Effective Date, the Parties shall enter into a mutually agreed upon quality agreement ("Quality Agreement"). If the is any inconsistency between this Agreement and the Quality Agreement, the terms of the Quality Agreement shall control solely with respect to quality issues, and this Agreement shall control with respect to all other issues.

3.2 Release. All Product shall be released in accordance with the terms of the Quality Agreement.

3.3 Maintenance of Facility.

(a) Patheon shall Manufacture the Product […***…] at the Facility, unless Flexion has granted prior written consent to Manufacture the Product at any other facility, such consent to be granted by Flexion in its sole discretion.

(b) Subject to Section 2.9(b)-(d), Patheon shall ensure that any and all necessary licenses, registrations, and Regulatory Authority approvals have been obtained in connection with the Facility and Equipment used in connection with the Manufacture of the Product by Patheon.

(c) Subject to Section 2.9, Patheon shall maintain the Facility and Equipment in a state of repair and operating efficiency consistent with the requirements of the Specifications, the Regulatory Approvals, Flexion's Manufacturing Process, GMP, and all other Applicable Law. Prior to each use of Equipment in Manufacturing the Product, Patheon shall ensure that such Equipment is cleaned and consistent with any procedures reasonably established by Flexion and notified to Patheon, the Specifications, the Regulatory Approvals, Flexion's Manufacturing Process, GMP, and all other Applicable Law. Without limitation of the foregoing, Patheon agrees to implement, in connection with the Manufacture of the Product, quality assurance and quality control procedures, including validation protocols and process change procedures that are reasonably satisfactory to Flexion.

(d) Patheon shall maintain in the Facility an adequate GMP and temperature controlled area for the Product, all intermediates thereof, and Materials used in Manufacturing the Product in accordance with the Specifications, the Regulatory Approvals, Flexion's Manufacturing Process, any risk mitigation plan, the Quality Agreement, GMP, and all Applicable Law. All Product, intermediates and Materials (as applicable) shall be held by Patheon in a GMP and temperature controlled area (on a separate pallet and SAP reference from other products) until delivery to Flexion.

(e) Patheon shall only use qualified disposal services or sites that have appropriate environmental and operating permits and are in compliance with the Quality Agreement and Applicable Law.

3.4 Flexion On Site Representatives; Project Managers. For so long as Patheon is obliged to Manufacture and supply the Products for Flexion, Flexion shall have the right at all times throughout the Term to have […***…] representatives present (or other number as reasonably requested by Flexion after discussion by the members of the

Steering Committee) (each, a "Flexion On Site Representative") in that portion of Patheon's Manufacturing facilities that is being used to Manufacture the Product or store Materials to observe the procedures and processes used to Manufacture the Product. Subject to the following sentence, such representatives shall have full access to the Manufacturing Suite and to all non-financial records that relate to the Product, the Materials and Bill Back Items. Patheon shall provide reasonable (semi-permanent) on-site accommodations at the Facility for the Flexion On Site Representatives (*e.g.*, office space). For the avoidance of doubt, the term "non-financial records" as used in this Agreement does not include the Reports (defined in Section 3.11 below). Flexion On Site Representatives shall be appropriately trained by Flexion (e.g. GMP training) and shall observe at all times Patheon's policies and procedures (as amended from time-to-time) as they pertain to the Facility, including policies relating to health and safety and compliance with GMP, and comply with all reasonable directions of Patheon in relation to the same; provided that Flexion is given notice of such policies and given a reasonable period of time to review and implement such policies. Patheon may refuse or limit in its sole discretion at any time admission to the Facility by any Flexion On Site Representative who fails to observe such policies or comply with such reasonable directions. For the avoidance of doubt, Flexion On Site Representatives shall have (i) no management authority over any Patheon employee and (ii) no authority to conclude contracts on behalf of Flexion. Patheon and Flexion will each appoint a project manager (each, a "Project Manager" and, together, the "Project Managers"), who will meet as needed to resolve any issues or problems arising in the performance of this Agreement. Flexion's Project Manager may be one of the Flexion On Site Representatives.

3.5 Notification of Regulatory Inspections. Patheon shall notify Flexion by telephone within […***…], and in writing within […***…], after learning of any proposed or unannounced visit or inspection of any part of the Facility by any Regulatory Authority, including the Occupational Safety and Health Administration or any equivalent governmental agencies of the country of Manufacture, and shall permit Flexion or its agents to be present at the Facility to support Patheon during such visit or inspection if it, directly or indirectly relates to the Product or Manufacturing Suite or may reasonably be expected to adversely affect the Product or the Manufacturing Suite. For the avoidance of doubt the responsibility for conducting the inspection rests with Patheon. Flexion personnel will be permitted to take part in the inspection where this participation is directly requested either by the authorized agent of the Regulatory Authority or by Patheon. Patheon shall provide to Flexion in so far as it, directly or indirectly, affects the Product or the Manufacturing Suite or may reasonably be expected to adversely affect the Product or the Manufacturing Suite, either a copy of any report and other written communications received from such Regulatory Authority in connection with any visit or inspection, including the Form 483 observations and responses or any equivalent form under Applicable Law. Such copy or summary shall be provided to Flexion within […***…] business days of Patheon's receipt thereof (and may be redacted as Patheon acting reasonably deems necessary to protect the confidentiality of matters not affecting, or not reasonably likely to affect, the Product or the Manufacturing Suite which are confidential to Patheon or to other clients of Patheon). Flexion shall have the right to review and comment on any communications with such Regulatory Authority pertaining to such inspection as set forth in Section 3.15.

3.6 Manufacturing Records. Patheon shall maintain, or cause to be maintained, (a) all records necessary to comply with GMP and all other Applicable Law relating to the Manufacture of Product, (b) all Manufacturing records, standard operating procedures, equipment log books, batch records, laboratory notebooks, and all raw data relating to the Manufacturing of the Product, and (c) such other records as Flexion may reasonably require in order to ensure compliance by Patheon with the terms of this Agreement. The template, form and style of all records referred to herein are the exclusive property of Patheon; Flexion Proprietary Information and all Product-specific related information contained in these records shall be deemed Proprietary Information of Flexion and be retained for such period as may be required by GMP and all other Applicable Law or for such longer period as Flexion may reasonably require.

3.7 Compliance with Applicable Laws. Patheon shall comply and shall cause each of subcontractors and its Materials and Bill Back Items suppliers to comply with the Quality Agreement, GMP and Applicable Law in carrying out the Manufacturing of the Product and its other duties and obligations under this Agreement. Should during the Term of this Agreement a change or changes in Applicable Law lead to Patheon (a) providing services not originally contemplated by Patheon, or (b) incurring increased costs in order to comply with said change or changes, any such services or costs (to the extent pertaining to the Product or related to Flexion's Manufacturing

Process or Flexion Manufacturing Equipment) shall constitute an Additional Service subject to mutual written agreement of the Parties.

3.8 Compliance Audits. Flexion and its designated representatives shall have the right to audit all applicable non-financial records of Patheon for the purpose of determining Patheon's compliance with the obligations set forth in this Agreement and the Technical Transfer Agreement, including Sections 2.2(a) and 6.2 of this Agreement, and the terms of any Purchase Order. Such audit right shall include the right to inspect: (a) the Materials used in the Manufacture of the Product, (b) the holding facilities for such Materials and Product, (c) the Equipment used in the Manufacture of the Product, (d) all non-financial records relating to the Manufacturing Suite and the Manufacturing of the Product (subject to any other restrictions set forth in this Agreement) and (e) all other documentation set forth in the Quality Agreement. Flexion shall provide Patheon with reasonable prior advance notice of its intention to conduct such audit and the Parties will determine a mutually agreeable date for such audit.

Flexion shall include no more than […***…] of Flexion's representatives in each such audit, with each such audit lasting no more than […***…] days without Patheon's prior written consent. Flexion may exercise its audit rights under this Section 3.8 no more than […***…] per calendar year; provided that, in the event any of the following circumstances arise, Flexion may elect and Patheon shall permit Flexion to conduct additional audits in a timely manner: (i) where there is the occurrence of a condition or event relating to the Materials or any Product which constitutes a serious health risk; (ii) where either Party has received correspondence or a report from a Regulatory Authority pointing out a deficiency in the Product by or on behalf of Patheon; (iii) where the Specifications have not been complied with or there is otherwise evidence that compliance with the Specifications is at risk; or (iv) in the event of a recall related to the Product. The Steering Committee will discuss the findings of any audit conducted by Flexion under this Section 3.8 and shall mutually agree upon a plan to remedy any issues identified by Flexion in such audit and Patheon shall use commercially reasonable efforts to implement such plan in a timely manner. Patheon will support the first Product approval, including its inspection if required, of the FDA or equivalent regulatory launch for other jurisdictions (where applicable) (a "PAI") (including one mock-readiness review and efforts conducted with Flexion representatives in advance of such inspection). Patheon will be prepared for the successful completion of the PAI with respect to the Manufacturing of the Product at the Facility a minimum of […***…] in advance of the anticipated date of the PAI and Patheon will cooperate with Flexion to prepare for and to complete the PAI in accordance with guidelines and requirements set forth by the applicable Regulatory Authority. Additional support (including, without limitation, subsequent regulatory launches or Product approval inspections/resulting reports for other jurisdictions) will be subject to additional fees.

3.9 Inventory Reviews. Without limiting the foregoing, Flexion shall have the right, with Patheon's assistance, to conduct an annual inventory count of the Materials and of the Products. Following an audit or inventory, Flexion may discuss its observations and conclusions with Patheon, and Patheon shall promptly implement such corrective actions after notification thereof by Flexion. In the event the Parties are unable to agree upon whether or not corrective actions are necessary, such dispute shall be resolved pursuant to the terms of Section 10.9.

3.10 Product Inquiries and Complaints.

(a) With respect to Products Manufactured by Patheon, each Party will promptly (as may be further defined in the Quality Agreement) submit to the other Party any Product safety and efficacy inquiries, Product quality complaints, and adverse drug event reports received by such Party, together with all available evidence and other information relating thereto, in accordance with procedures to be agreed upon by the Parties. Except as otherwise required by, or to comply with, Applicable Law or the terms of this Agreement, Flexion, as the Party holding the applicable Regulatory Approval, will be responsible for investigating and responding to all such inquiries, complaints, and adverse events regarding the Product, and reporting to the FDA or any other Regulatory Authority.

(b) Pursuant to a reported complaint or adverse drug event pertaining to the Products Manufactured by Patheon, if the nature of the reported complaint or adverse drug event requires testing, Patheon will, upon Flexion's request and approval, perform analytical testing of corresponding Product complaint or retention samples and provide the results thereto to Flexion as soon as reasonably practicable, but no later than […***…] days after Flexion's request. Such testing shall be performed using approved testing procedures as set forth in the applicable Regulatory Approval or the Quality Agreement. If such analytical testing concludes that the reported complaint or adverse drug event was

the result of a Patheon Nonconformance, Patheon shall reimburse Flexion for […***…] associated with such complaint or adverse drug event and incurred by Flexion with respect to such nonconforming Product, including […***…]. Costs of recalls will be dealt with in accordance with Section 3.12. If such analytical testing concludes that the reported complaint or adverse drug event was not the result of a Patheon Nonconformance, Flexion shall compensate Patheon for all costs associated with such complaint or adverse drug event and incurred by Patheon with respect to such nonconforming Product, including costs of recalls, market withdrawals, returns, and destruction.

(c) If the Parties disagree as to which Party is responsible, Patheon and Flexion representatives shall attempt to resolve such dispute. If the representatives cannot resolve such dispute within […***…] days, the retention samples shall be submitted by Patheon and Flexion to an Expert and Section 2.8 shall apply.

3.11 Reports. Prior to the start of Patheon's commercial Manufacture of the Product (or as reasonably requested by Flexion prior to such date), Patheon and Flexion will work together in good faith to develop and agree upon Patheon's ordinary course reporting obligations. Such reports ("Reports") will include those reports as necessary for Flexion to (a) manage Product inventory; (b) manage its financial close and reporting; (c) monitor on-going Product and process performance for its internal analysis and reporting; and (d) comply with Applicable Law. Patheon will deliver such reports via electronic delivery methods, including by utilizing Patheon's existing IT systems as practicable.

3.12 Product Recalls.

(a) In the event (i) any Regulatory Authority issues a request, directive, or order that Product be recalled, (ii) a court of competent jurisdiction orders such a recall, or (iii) Flexion as holder of the applicable Regulatory Approval shall reasonably determine that Product should be recalled, withdrawn, or a field correction issued, the Parties shall take all appropriate corrective actions, and shall cooperate in the investigations surrounding the recall. In the event that Flexion determines that Product should be recalled, to the extent reasonably possible, Flexion shall consult with Patheon prior to taking any corrective actions. In the event of any Product recall, withdrawal, or field correction resulting from a Patheon Nonconformance, Patheon shall bear […***…] associated with such recall, withdrawal, or field correction, which shall include […***…] of the recalled Product and all other […***…] incurred in connection with such recall, plus […***…] incurred by Flexion with respect to such Product. In all other circumstances, all costs associated with any Product recall, withdrawal, or field correction shall be borne by Flexion.

(b) If there is any dispute concerning which Party's acts or omissions gave rise to such recall of Product, Patheon and Flexion representatives shall attempt to resolve such dispute. If the representatives cannot resolve such dispute within […***…] days, the matter shall be submitted by Patheon and Flexion to an Expert and Section 2.8 shall apply.

3.13 Payment Audits.

(a) Upon […***…] days' prior written notice, Flexion may audit any Third Party invoices subsequently invoiced to Flexion pertaining to Patheon's provision of Equipment, Materials, Bill Back Items and Additional Services hereunder; provided, however, that Flexion will not be entitled to more than one audit during any […***…] period. Such audits will be conducted during normal business hours, without undue disruption to Patheon's business, and may be conducted by Flexion, or by an independent public accounting firm designated by Flexion who is bound by confidentiality obligations at least as stringent as those set forth in the Confidentiality Agreement. Except as hereinafter set forth, Flexion will bear the full cost of the performance of any such audit.

(b) If, as a result of any audit described in Section 3.13(a), it is shown that the payments or credits from one Party to the other under this Agreement with respect to the period of time audited were less than or more than the amount that should have been paid or credited, then the Parties will reconcile the amounts owed by each Party to the other. In addition, if such audit demonstrates that Patheon has overcharged Flexion hereunder by more than […***…]% for the period audited, then Patheon will also reimburse Flexion for its documented reasonable out-of-pocket costs and expenses incurred in connection with the audit.

3.14 Subcontractors. Prior to subcontracting any of Patheon's obligations hereunder, Patheon will notify Flexion (1) in advance of engaging a proposed subcontractor that directly relates to the Manufacture of the Product and will obtain Flexion's prior written approval of each such subcontractor, and (2) within six (6) months, of all other

subcontractors so engaged. The terms of any subcontract directly relating to the Manufacture of the Product will be in writing and will be consistent with this Agreement, including (i) the confidentiality obligations set forth in Article VII, (ii) the representations and warranties of Patheon in Section 6.3, and (iii) compliance with Applicable Law as required hereunder. No subcontracting will release Patheon from its responsibility for its obligations under this Agreement and Patheon will be responsible for the work and activities of each such subcontractor as they relate to performance of Patheon's obligations under this Agreement, including compliance with the terms of this Agreement.

3.15 Regulatory Filing Obligations. Except as otherwise set forth in this Agreement or the Technical Transfer Agreement, each Party will be responsible for all routine filings and communications with Regulatory Authorities ("Regulatory Filings") required with respect to such Party's Regulatory Obligations hereunder. "Regulatory Obligations" shall mean: (i) with respect to Flexion, any Regulatory Filings pertaining to the Product, Flexion's Manufacturing Process, and filling and packaging processes and procedures; and (ii) with respect to Patheon, any Regulatory Filings pertaining to the Facility, including in connection with a Facility inspection by a Regulatory Authority (*e.g.*, those described in Section 3.5). For the avoidance of doubt, Flexion shall have the sole responsibility and Regulatory Obligation for the filing of all documents with all applicable Regulatory Authorities, and to take any other actions that may be required, for the receipt of Regulatory Approval for the development or commercial manufacture of the Product. Flexion shall provide Patheon with a copy of any Regulatory Approval directly relevant to this Agreement on request including any Regulatory Approval required for the storage, receipt or distribution of the Product by Flexion or its designee.

(a) Cooperation. Each Party ("Non-Filing Party") will provide reasonable assistance and cooperation to the other Party ("Filing Party") in the connection with the Filing Party's Regulatory Obligations consistent with the terms of this Section 3.15 and the Non-Filing Party's obligations under this Agreement. The Filing Party shall notify the Non-Filing Party in writing of any written communications received by the Filing Party from a Regulatory Authority related to the other Party's Regulatory Obligations within […***…] business days after receipt thereof. The Filing Party shall consult with the Non-Filing Party concerning the response of the Filing Party to each such communication, unless such filing is not relevant to the Non-Filing Party's Regulatory Obligations.

(b) Verification of Data. Prior to filing any documents or communications with a Regulatory Authority that incorporate or uses data generated by the Non-Filing Party or otherwise relate to the Non-Filing Party's Regulatory Obligations, the Filing Party will give the Non-Filing Party a draft of such document or communication ("Initial Draft") to give the Non-Filing Party the opportunity to verify the accuracy and regulatory validity of such Initial Draft. The Non-Filing Party shall be given a minimum of […***…] calendar days to review the Initial Draft, but the Parties may mutually agree to a different time for the review as needed under the circumstances. The Initial Draft may be redacted by the Filing Party as reasonably deems necessary to protect the confidentiality of matters not affecting the Non-Filing Party or which are confidential to the Filing Party or to other clients or customers of the Non-Filing Party. The Parties agree that in reviewing the Initial Draft, the Non-Filing Party's role will be limited to verifying the accuracy of the description of its Regulatory Filing Obligations or accuracy of its data or information in the Initial Draft. Notwithstanding the forgoing, nothing in this Section 3.15(b) shall be deemed to limit a Party's ability to make any filing with, or otherwise communicate with, any Regulatory Authority if such Party reasonably determines that such filing or communication is legally required and must be made in an expedited manner and consultation with the other Party as provided herein is not reasonably possible.

(c) Inaccuracies. If the Non-Filing Party determines that any of its data or information in the Initial Draft is inaccurate or any other errors relating to the Non-Filing Party's Regulatory Obligations, the Non-Filing Party will notify Filing Party in writing of such inaccuracy and provide a recommendation to remediate the Initial Draft. Such notice shall also include documentation and data sufficient to substantiate the Non-Filing Party's claim that the Initial Draft is inaccurate to the Filing Party's reasonable satisfaction. The Non-Filing Party shall provide comments to the Initial Draft no later than […***…] days prior to the required filing date with the applicable Regulatory Authority. If the Non-Filing Party does not provide comments or notify the Filing Party of inaccuracies within such […***…] day period, the Non-Filing Party will be deemed to have approved any data or language related to its Regulatory Obligations in the Initial Draft. The Filing Party shall be required to incorporate the Non-Filing Party's recommendations to the extent they directly relate to an error in the Non-Filing Party's data or information or the Non-Filing Party's Regulatory Filing Obligations. The Parties will work together in good faith to resolve any inaccuracies contained in the Initial Draft as soon as practicable under the circumstances to prevent a delay or

postponement of such filing (or any related inspections by such Regulatory Authority to which the filing relates). Any on-going disagreement regarding the Deficiencies shall be escalated to the Steering Committee for resolution on an expedited basis.

(d) Responsibilities. Patheon shall deliver a copy of the final version of the filing to Flexion at least […***…] days prior to the required filing date. Flexion shall deliver a copy of the final version of the filing to Patheon promptly after the required filing date. Subject to the foregoing, the Non-Filing Party will not assume any responsibility for the accuracy of any other materials submitted by the Filing Party to a Regulatory Authority in connection with this Agreement. Except as otherwise set forth in this Agreement or the Technical Transfer Agreement, the Filing Party is solely responsible for the preparation and filing of any materials required by a Regulatory Authority with respect to such Party's Regulatory Filing Obligations hereunder and any relevant costs will be borne by the Filing Party.

ARTICLE IV. FEES AND INVOICING

4.1 General. (a) Patheon shall invoice Flexion for all applicable fees and charges incurred by Patheon as set out in this Agreement or the Technical Transfer Agreement. (b) All invoices shall be sent electronically to […***…]. Payment shall be due thirty (30) days after receipt by Flexion of an undisputed invoice. All payments from Flexion to Patheon hereunder shall be in British Pounds (GBP).

4.2 Late Fees. In relation to all invoices issued by Patheon pursuant to this Agreement, if Flexion fails to make any payment due to Patheon by the due date for payment, then, without limiting Patheon's remedies under ARTICLE VIII or at law, Patheon may charge interest on past due accounts at […***…]% per month which is equal to an annual rate of […***…]%.

4.3 Disputed Invoices. If Flexion disputes any portion of an invoice, (a) Flexion shall provide Patheon with written notice of the disputed portion within […***…] business days of receipt by Flexion of Patheon's invoice and its reasons therefor and shall not be obliged to pay such disputed portion unless and until such disputed portion is determined to be due and owing, and (b) Patheon shall cancel such invoice and issue a new invoice reflecting the undisputed invoiced amount, which shall be paid by Flexion within […***…] days. The Parties shall use good faith efforts to resolve the dispute regarding the disputed amount promptly, and if the Parties agree that a balance is due, Patheon shall issue an invoice for such balance, and payment shall be due […***…] days after receipt of such invoice. In the event of any inconsistency between an invoice and this Agreement, the terms of this Agreement shall control.

4.4 Taxes.

(a) Subject to (b) and (c) below, Patheon will bear all Taxes however designated as a result of the provision of the Services under this Agreement.

(b) Flexion acknowledges that it will be responsible for all Taxes that arise in respect of the following:

(i) The acquisition of the Flexion-Supplied Materials.

(ii) The acquisition of the Flexion Manufacturing Equipment.

(c) Any payment due under this Agreement for the provision of Services to Flexion by Patheon is exclusive of value added or equivalent tax in any other jurisdiction, including any related interest and penalties (hereinafter all referred to as "VAT"). If any VAT is payable on a Service supplied by Patheon to Flexion under this Agreement, this VAT will be added to the invoice amount and will be for the account of (and reimbursable to Patheon by) Flexion. Where applicable, Patheon will use its reasonable commercial efforts to ensure that its invoices to Flexion are issued in such a way that these invoices meet the requirements for deduction of input VAT by Flexion, to the extent permitted by law to do so.

(d) Flexion acknowledges that all amounts due in respect of any fees payable by Flexion under this Agreement shall be paid in full without any set-off, counterclaim, deduction or withholding in respect of any Tax liabilities.

ARTICLE V. INTELLECTUAL PROPERTY

5.1 Ownership.

(a) Flexion shall maintain ownership and Control of all of its technology and intellectual property rights existing prior to the Effective Date ("Existing Flexion Intellectual Property").

(b) Patheon shall maintain ownership and Control of all of its technology and intellectual property rights existing prior to the Effective Date ("Existing Patheon Intellectual Property").

(c) Existing Flexion Intellectual Property shall include and Flexion shall own all right, title, and interest in and to (i) the Product, (ii) the Specifications, and (iii) Flexion's Manufacturing Process.

(d) Existing Patheon Intellectual Property shall include and Patheon shall own all right, title, and interest in and to the Patheon Manufacturing Equipment as of the Effective Date.

(e) Flexion shall own all right, title, and interest in and to, all intellectual property (specifically including inventions and patents and patent applications therefor) with respect to, and any data with respect to:

(i) (A) any improvement of, modification of, change of, enhancement of, new indication for, new formula for, new formulation for, new ingredients for, new dosage for, new dosage strength for, new means of delivery for, or new labelling or packaging for, the Product ("Flexion Product Improvements"); (B) any improvement of, modification of, change of, or enhancement of the Specifications ("Flexion Specification Improvements"); (C) any improvement of, modification of, change of, enhancement of, new process for, new procedure for, or new step related to Flexion's Manufacturing Process ("Flexion Manufacturing Process Improvements"); and (D) any improvements of, modification of, change of or enhancement of Flexion Manufacturing Equipment (the "Flexion Manufacturing Equipment Improvements") in each of case (A), (B), (C) and (D) , (1) that is developed, conceived, or created after the Effective Date specifically as a result of or in connection with this Agreement, including Patheon's Manufacturing of the Product hereunder, (2) whether or not patentable, (3) whether developed, conceived, or created by employees of, or consultants to, Flexion or Patheon, alone or jointly with each other or with permitted Third Parties (including permitted sublicensees and subcontractors), and (4) that has specific applicability, meaning it does not have applicability to products other than the Product, to the Product, Specifications, Flexion's Manufacturing Process or the Flexion Manufacturing Equipment as applicable (together the Flexion Specification Improvements, Flexion Product Improvements, Flexion's Manufacturing Process Improvements and the Flexion Manufacturing Equipment Improvements shall be referred to as the "Flexion Specific Improvements");

(ii) any improvement of, modification of, change of, enhancement of manufacturing, processing, formulating, filling, labelling or packaging technology or equipment which is (x) developed, conceived, created, generated or derived after the Effective Date by Patheon, alone or jointly with Flexion or other permitted Third Parties (including permitted sublicensees) specifically as a result of or in connection with this Agreement, and (y) of generic application to the Product, meaning it has application to or utility in relation to a range of products which includes the Product ("Non-Specific Improvement")(the Flexion Specific Improvements and the Non-Specific Improvements are together "Flexion Improvements"); and

(iii) any inventions, know how or other intellectual property developed, conceived, or created by Flexion, alone or jointly with Third Parties (other than Patheon or its Affiliates, or their respective employees and consultants), in the course of conducting activities outside the scope of this Agreement and without any use of any Existing Patheon Intellectual Property, Patheon Independent Manufacturing Equipment Improvements and/or Patheon Non-Applicable Inventions (as defined hereunder).

(f) Patheon shall own all right, title, and interest in and to, all intellectual property (specifically including inventions and patents and patent applications therefor) with respect to, and any data with respect to:

(i) any improvement of, modification of, change of, enhancement of Patheon's Manufacturing Equipment, (1) that is developed, conceived, or created as a result of or in connection with this Agreement, including Patheon's Manufacturing of the Product hereunder, (2) whether or not patentable, (3) whether developed, conceived, or created by employees of, or consultants to, Flexion or Patheon, alone or jointly with each other or with permitted Third Parties (including permitted sublicensees), and (4) that is of generic application rather than a specific solution that only has applicability to the Product, ("Patheon Independent Manufacturing Equipment Improvements");

(ii) any inventions, know how or other intellectual property developed, conceived, or created by Patheon, alone or jointly with Flexion or other permitted Third Parties (including permitted sub-licensees), in the course of conducting activities under the scope of this Agreement where such inventions know how or other intellectual property have no applicability to the Product, the Specifications, Flexion's Manufacturing Process or the Flexion Manufacturing Equipment ("Patheon Non-Applicable Inventions") (together the Patheon Independent Manufacturing Equipment Improvements and the Patheon Non-Applicable Inventions are together "Patheon Improvements"); and

(iii) any inventions, know how or other intellectual property developed, conceived, or created by Patheon, alone or jointly with Third Parties, in the course of conducting activities outside the scope of this Agreement and without any use of any Existing Flexion Intellectual Property or Flexion Specific Improvements.

(g) Patheon shall, and shall cause its Affiliates to, promptly disclose in writing and in reasonable detail to Flexion any Flexion Improvements developed, conceived, or created by employees, consultants, or subcontractors of Patheon or its Affiliates, alone or jointly with employees, consultants or subcontractors of Flexion or its Affiliates. Such written notice will be treated as the Proprietary Information of Flexion hereunder.

(h) Flexion shall, and shall cause its Affiliates to promptly disclose in writing and in reasonable detail to Patheon any potential Patheon Improvement and any Flexion Non-Specific Improvements developed, conceived, or created by employees, consultants, or subcontractors of Flexion or its Affiliates, alone or jointly with employees, consultants, or subcontractors of Patheon or its Affiliates. Such written notice in relation to Patheon Improvements will be treated as the Proprietary Information of Patheon hereunder.

(i) The Specifications, Flexion's Manufacturing Process, and any and all information or material related to the Existing Flexion Intellectual Property, and Flexion Improvements shall constitute Proprietary Information of Flexion, which shall be deemed the disclosing Party with respect to such Proprietary Information and shall be subject to the provisions of Article VII of this Agreement.

(j) Patheon's Manufacturing Equipment and any and all information or material related to the Existing Patheon Intellectual Property and Patheon Improvements shall constitute Proprietary Information of Patheon, which shall be deemed the disclosing Party with respect to such Proprietary Information.

(k) Patheon shall, and shall cause its Affiliates, to disclose in writing and in reasonable detail to Flexion prior to the implementation of any such Patheon Improvement or Non-Specific Improvement into the Manufacturing Services or any potential Patheon Improvements or Non-Specific Improvements and Flexion shall, in its sole discretion, decide whether such improvement shall be used in the Manufacture of the Product. Such written notice will be treated as the Proprietary Information of Patheon hereunder.

(l) Patheon agrees to, and hereby does, and shall cause each of its employees, consultants, and Affiliates (collectively with Patheon, the "Patheon Assignors") to assign to Flexion all right, title and interest in and to the Flexion Improvements developed, conceived or created by such Patheon Assignors, alone or jointly with others including all intellectual property rights associated therewith. Upon Flexion's request and at Flexion's sole expense, Patheon shall, and shall use commercially reasonable efforts to cause each Patheon Assignor to, assist Flexion or anyone Flexion reasonably designates in preparing, filing, prosecuting, obtaining, enforcing or defending patent, copyright or other intellectual property application or grant of right issuing therefrom in any and all countries in the world.

(m) Flexion agrees to, and hereby does, and shall cause each of its employees, consultants, and Affiliates (collectively with Flexion, the "Flexion Assignors") to assign to Patheon all right, title and interest in and to the Patheon Improvements developed, conceived or created by such Flexion Assignors, alone or jointly with others including all intellectual property rights associated therewith. Upon Patheon's request and at Patheon's sole expense, Flexion shall, and shall use commercially reasonable efforts to cause each Flexion Assignor to, assist Patheon or anyone Patheon reason ably designates in preparing, filing, prosecuting, obtaining, enforcing or defending patent, copyright or other intellectual property application or grant of right issuing therefrom in any and all countries in the world.

5.2 Licenses.

(a) Flexion hereby grants to Patheon a fully paid-up worldwide, non-exclusive license, under Flexion's entire right, title, and interest in and to the Existing Flexion Intellectual Property for Patheon to Manufacture the Products solely pursuant to the terms of this Agreement.

(b) Flexion hereby grants to Patheon a fully paid-up worldwide, non-exclusive license, under Flexion's entire right, title, and interest in and to the Flexion Improvements, in each case to make Products solely pursuant to the terms of this Agreement.

(c) Flexion hereby grants to Patheon a perpetual, irrevocable, fully paid-up worldwide, exclusive license, with the right to grant sub-licences, under Flexion's entire right, title, and interest in and to the Non-Specific Improvements for the manufacture, use, sale or supply of any and all products, except Excluded Products or any and all products which, at any time, are owned by or exclusively licensed to Flexion.

In addition, Flexion grants to Patheon a perpetual, irrevocable, fully paid-up worldwide, co-exclusive license, with the right to grant sub-licences, under Flexion's entire right, title, and interest in and to the Non-Specific Improvements for the manufacture, use, sale or supply of any and all products which, at any time, are owned by or exclusively licensed (in terms of the right of Flexion to sell such products) to Flexion except Excluded Products.

Accordingly, notwithstanding anything to the contrary herein, Flexion retains:

(i) co-exclusively with Patheon, rights to the Non-Specific Improvements for the manufacture, use, sale or supply of any and all products which, at any time, are owned by or exclusively licensed (in terms of the right of Flexion to sell such products) to Flexion, and

(ii) exclusively, any and all rights to the Non-Specific Improvements for the manufacture, use, sale or supply of Excluded Products;

provided that, in either case (i) or (ii),

(1) Flexion may only sublicense its rights to Non-Specific Improvements to a Third Party in conjunction with the license or assignment by Flexion of rights to manufacture, use, sell or supply a therapeutic product that is, or were prior to the assignment, owned by or exclusively license (in terms of the right of Flexion to sell such products) to Flexion; and

(2) other than with respect to permitted assignments of this Agreement under Section 10.5A herein Flexion shall not assign or otherwise transfer its right to Non-Specific Improvements without the prior written consent of Patheon. In the event that Flexion wishes to assign any Non-Specific Improvement(s) to an Affiliate, Patheon and Flexion shall enter into a novation agreement with that Flexion Affiliate, to novate the rights and obligations hereunder in respect of such Non-Specific Improvement(s) only.

For the purposes of this Section 5.2(c), "Excluded Products" means any product which comprises as its active agent […***…]. For the avoidance of doubt, co-exclusive means that only Patheon (and its authorised sub-licensees) and Flexion (and its authorised sub-licensees) has rights in relation to the Non-Specific Improvements, such rights and the scope and nature of authorised sub-licensees being as expressly set out in this clause 5.2(c) and no wider.

5.3 Technology Transfer. Upon the request of Flexion at any time during the […***…] period prior to expiry of this Agreement, Patheon shall, at Flexion's cost (i) promptly disclose to Flexion or its designee any Patheon Improvement, (ii) have its representatives meet with representatives of Flexion or its designee to enable Flexion or such designee to Manufacture the Product, and (iii) provide such other assistance as Flexion may reasonably request to enable Flexion or such designee to Manufacture the Product. Flexion shall reimburse Patheon for its fees and all documented out-of-pocket expenses reasonably incurred by Patheon in connection with such technology transfer. Patheon will provide a quotation for the services which Flexion requires pursuant to this Section 5.3 as Additional Services and on acceptance by Flexion of the same, Patheon will provide the services stated therein.

5.4 Third Party Litigation. In the event that, during the Term, any Third Party institutes against Patheon any action that alleges that the Manufacture of the Product hereunder in accordance with the terms hereof infringes the intellectual property rights held by such Third Party, then, as between Patheon and Flexion, and subject to Flexion indemnifying and defending and holding harmless Patheon in relation to such action pursuant Section 9.1(a)(iv) herein, Flexion, at its sole expense, shall have the sole obligation to contest and assume discretion and control of the defense of such action, including the right to settle such action on terms determined by Flexion; provided, however, that in no event may Flexion agree to the entry of any equitable or injunctive relief that is binding on Patheon and its Affiliates without Patheon's prior written consent, not to be unreasonably withheld or delayed. Patheon, at Flexion's expense, shall use all commercially reasonable efforts to assist and cooperate with Flexion as reasonably request by Flexion in such action.

5.5 Licenses of Rights to Intellectual Property. The licenses granted by the Parties hereunder shall be deemed to be licenses of rights to "intellectual property" as defined Section 101 of the United States Bankruptcy Code and, in connection therewith, each Party shall have the rights set forth in Section 365(n) of the United States Bankruptcy Code in the event of any rejection or proposed rejection of this Agreement in any bankruptcy proceeding.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of Each Party. Each Party hereby represents and warrants to the other Party as follows:

(a) Such Party (i) is duly formed and in good standing under the laws of the jurisdiction of its formation, (ii) has the power and authority and the legal right to enter into this Agreement and perform its obligations hereunder, and (iii) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid, and binding obligation of such Party and is enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other similar laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

(b) Except for the FDA's approval of Patheon's manufacturing, testing, and packaging for the Product from the Manufacturing Suite, all necessary consents, approvals, and authorizations of all Regulatory Authorities, other governmental authorities, and other Persons required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

(c) The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (i) do not and will not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation, bylaws limited partnership agreement, or other constituent document of such Party and (ii) do not and will not conflict with, violate, or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

6.2 Additional Representations, Warranties and Covenants, of Patheon. Patheon warrants, represents and covenants, that:

(a) (i) it has facilities, personnel, experience, and expertise sufficient in quality and quantity to perform the obligations hereunder, (ii) it shall perform its obligations in conformity with GMPs where applicable, (iii) it will comply with the Quality Agreement and comply with all agreed upon quality assurance, quality controls, and review procedures in the performance of its obligations hereunder and (iv) during the Term, the Facility will remain operational and qualified for the purpose of the Manufacture of Product under the terms of this Agreement;

(b) it has, as of the Effective Date observed and complied, and shall, during the Term and at its cost (subject to Sections 2.9(b)-(d) and Section 3.7), observe and comply, with all then-current Applicable Laws, including federal, state, and local laws, orders, regulations, rules, customs, and ordinances now in force or that may hereafter be in force, pertaining to the Facility and the performance of the Manufacturing Services and including, without limitation, (i) labor laws, orders, regulations, rules, customs, and ordinances of the country of Manufacture and (ii)

those issued by the FDA pertaining to the Manufacturing Services and the Facility (but not those pertaining solely to non-Manufacturing matters relating to the Product, compliance with which shall be the responsibility of Flexion), and any laws, orders, regulations, rules, or ordinances issued in addition to, as a supplement to or as a replacement of Applicable Laws;

(c) none of it, its Affiliates, nor any Person under its direction or control, has ever been, nor will it engage suppliers which have to its actual knowledge, after due inquiry, been, (i) debarred or convicted of a crime for which a person can be debarred, under Section 335(a) or 335(b) of the FDA Act, or any equivalent Applicable Law of the country of Manufacture, (ii) threatened to be debarred under the FDA Act or any equivalent Applicable Law of the country of Manufacture or (iii) indicted for a crime or otherwise (to its actual knowledge after due inquiry) engaged in conduct for which a person can be debarred under the FDA or any equivalent Applicable Law of the country of Manufacture, and Patheon agrees that it will, within […***…], notify Flexion in the event it receives notification of any such debarment, conviction, threat or indictment. Should Patheon become aware of any actual or suspected noncompliance with the foregoing, Patheon will notify Flexion in writing of such issue within […***…]. For the purpose of this Section 6.2, suppliers and subcontractors engaged by Patheon to undertake the Manufacture of the Product shall be deemed to be under Patheon's direction or control;

(d) none of it, its Affiliates, nor any Person under its direction or control is currently excluded from a federal or state health care program under Sections 1128 or 1156 of the Social Security Act, 42 U.S.C. §§ 1320a-7, 1320c-5 or any equivalent Applicable Law of the country of Manufacture, as may be amended or supplemented;

(e) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded from contracting with the U.S. federal government or the government of the country of Manufacture;

(f) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded, suspended, or debarred from any U.S. or foreign governmental program;

(g) it shall immediately notify Flexion if, at any time during the Term, Patheon, its Affiliates, or any Person under its direction or control is convicted of an offense that would subject it or Flexion to exclusion, suspension, or debarment from any U.S. or foreign governmental program; and

(h) agrees to keep the Equipment free form all liens and encumbrances.

(i) it will not enter into any agreement or arrangement with any other Person that would prevent its ability to perform its obligations hereunder.

6.3 Warranty. Patheon warrants that, at the time of delivery of Product to Flexion: (a) such Product will have been Manufactured in accordance with the […***…]; (b) such Product will be in conformity with the […***…] in accordance with the […***…] set out therein and will conform with the […***…] therefor provided pursuant to Section […***…]; (c) title to such Product will pass to Flexion as provided herein free and clear of any security interest, lien, or other encumbrance; (d) such Product will not be adulterated or misbranded within the meaning of the FDA Act *as* a result of a Patheon Nonconformance; and (e) such Product will not be articles that, under the provisions of the FDA Act, may not be introduced into interstate commerce as a result of a Patheon Nonconformance.

6.4 Additional Representations and Warranties of Flexion. Flexion warrants and represents that:

(a) Non-Infringement.

(i) (1) as of the Effective Date, it or its Affiliates Control all issued patents and pending patent applications set forth on Schedule 6.4(a), which patents and applications are necessary for performance of the Manufacturing Services; and (2) it has the right to authorize Patheon to use and exploit such issued patents and pending patent applications to perform the Manufacturing Services in accordance with the terms and conditions hereof;

(ii) as of the Effective Date, to the actual knowledge of Flexion's management team, having taken all Diligent and Reasonable Steps to ascertain the same, that there are no facts or circumstances that would cause Flexion to conclude that the performance of the Manufacturing Services, in accordance with the terms and conditions hereof and using Flexion's Manufacturing Process, or the manufacture, use, supply or other disposition of the Product by

Patheon as may be required to perform its obligations under this Agreement, will result, in the infringement or misappropriation of any Third Party's intellectual property rights;

(iii) as of the Effective Date, Flexion or its Affiliates Control and have the right to lawfully disclose the Specifications to Patheon and to authorize Patheon to use the Specification to perform the Manufacturing Services;

(iv) as of the Effective Date, there are no actions or other legal proceedings pending against Flexion and/or its Affiliates concerning the infringement of Third Party intellectual property rights related to any of the Specifications, Flexion's Manufacturing Process, any of the Materials, or the sale, use, or other disposition by Flexion of any Product made in accordance with the Specifications.

For the purposes of part (ii) above, "Diligent and Reasonable Steps" means such steps as would normally be taken by a company of the same size and nature as Flexion for a product of similar market potential at a similar stage of its product life, when utilizing sound and reasonable business practice.

(b) Quality and Compliance.

(i) during the Term, the Specifications for all Products conform to all applicable GMPs and Applicable Laws;

(ii) during the Term, the Products, if labelled and manufactured in accordance with the Specifications and in compliance with the Quality Agreement, applicable GMPs and Applicable Laws may be lawfully sold and distributed in every jurisdiction in which Flexion markets the Products; and

(iii) during the Term, on the date of shipment to Patheon, any Flexion-Supplied Materials will conform to the specifications for the Flexion-Supplied Materials that Flexion has given to Patheon and the Flexion-Supplied Materials will be adequately contained, packaged, and labelled and will conform to the affirmations of fact on the container.

(c) Flexion agrees that, as a pre-condition to the adding of any country to the Territory pursuant to section 2.2(h), Flexion shall repeat the warranties above as at the date on which the country is added to the Territory.

6.5 **DISCLAIMER. THE FOREGOING EXPRESS WARRANTIES SET FORTH IN THIS ARTICLE VI ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT, AND ALL OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED BY EACH PARTY.**

6.6 Legal Compliance.

(a) Patheon confirms that all licences, registrations and Regulatory Authority approvals to be obtained by Patheon pursuant to this Agreement and the Technical Transfer Agreement shall be obtained in a lawful and ethical manner.

(b) Patheon has not and shall not cause Flexion or its subsidiaries or affiliates to be in violation of any applicable U.S. export or import control or customs law or regulation, U.S. sanctions or embargoes, the U.S. Foreign Corrupt Practices Act of 1977 (as amended) ("FCPA"), the U.S. Travel Act, the UK Bribery Act of 2010 (the "UK Bribery Act"), anti-corruption and anti-kickback laws and regulations, any applicable anti-corruption laws or regulations of another country, or any other applicable law or regulation. In relation to Flexion's business, Patheon has not and shall not directly or indirectly offer, pay, solicit, or accept any bribes, kickbacks, or other improper payments/benefits to or from any party, including, but not limited to, any employee, representative, or official of the Flexion, any government, or any state-affiliated entity. Patheon has not and shall not offer, pay, solicit, or accept any rebates or refunds in connection with the Product or Flexion's business without informing and obtaining the written approval of Flexion in advance and ensuring that such rebate/refund is compliant with all applicable laws and regulations. Patheon has in good faith provided to Flexion accurate and complete due diligence information and materials regarding Patheon and its employees and Affiliates in response to requests by Flexion. In relation to the performance of this Agreement, Patheon shall fully cooperate with Flexion in ensuring compliance with the FCPA, the UK Bribery Act and all other applicable laws and regulations.

(c) Flexion may suspend its performance under this Agreement if Flexion reasonably suspects that Patheon has or will violate the FCPA, the UK Bribery Act or any other applicable law or regulation. Patheon shall reasonably cooperate with Flexion with any audit or questioning related thereto.

(d) Patheon understands and acknowledges that a violation of the FCPA, the UK Bribery Act or any of the terms of this Section 6.6 by Patheon or its employees, agents, or contractors shall constitute a […***…] for the purpose of Section […***…] of this Agreement.

ARTICLE VII. CONFIDENTIALITY

7.1 Confidentiality Obligations.

(a) Subject to the provisions of clauses (b), (c) and (d) below, at all times during the Term and for seven (7) years following the expiration or termination thereof, the Receiving Party (i) shall keep completely confidential and shall not publish or otherwise disclose any Proprietary Information furnished to it by the Disclosing Party, except to those of the Receiving Party's Representatives or Affiliates to perform such Party's obligations hereunder (and who shall be advised of the Receiving Party's obligations hereunder and who are bound by confidentiality obligations with respect to such Proprietary Information no less onerous than those set forth in this Agreement) and (ii) shall not use Proprietary Information of the Disclosing Party directly or indirectly for any purpose other than performing its obligations or exercising its rights hereunder. The Receiving Party shall be jointly and severally liable for any breach by any of its Representatives of the restrictions set forth in this Agreement.

(b) The Receiving Party's obligations set forth in this Agreement shall not extend to any Proprietary Information of the Disclosing Party:

(i) that is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no wrongful act, fault or negligence on the part of a Receiving Party or its Representatives or Affiliates;

(ii) that is received from a Third Party without restriction and without breach of any agreement between such Third Party and the Disclosing Party;

(iii) that the Receiving Party can demonstrate by competent evidence was already in its possession without any limitation on use or disclosure prior to its receipt from the Disclosing Party;

(iv) that is generally made available to Third Parties by the Disclosing Party without restriction on disclosure; or

(v) that the Receiving Party can demonstrate by competent evidence was independently developed by the Receiving Party without reference to the Proprietary Information of the Disclosing Party.

(c) Each Party may disclose Proprietary Information to the extent that such disclosure is:

(i) made in response to a valid order of a court of competent jurisdiction or other governmental body of a country or any political subdivision thereof of competent jurisdiction; provided, however, that the Receiving Party shall first have given notice to the Disclosing Party and given the Disclosing Party a reasonable opportunity to quash such order and to obtain a protective order requiring that the Proprietary Information and/or documents that are the subject of such order be held in confidence by such court or governmental body or, if disclosed, be used only for the purposes for which the order was issued; and provided further that if a disclosure order is not quashed or a protective order is not obtained, the Proprietary Information disclosed in response to such court or governmental order shall be limited to that information which is legally required to be disclosed in such response to such court or governmental order;

(ii) otherwise required by law or regulation, including the rules and regulations of any securities authority or stock exchange on which such Party's or its Affiliate's securities are traded, as determined in good faith by counsel for the Receiving Party and acting in accordance with Section 10.10;

(iii) made in connection with the filing or prosecution of patent rights as permitted by this Agreement;

(iv) made in connection with the enforcement of such Party's rights under this Agreement and in performing its obligations under this Agreement;

(v) made in connection with the prosecution or defense of litigation as permitted by this Agreement;

(vi) made to Affiliates, actual and potential licensees and sublicensees, employees, consultants or agents of the Receiving Party who have a need to know such information in order for the Receiving Party to exercise its rights or fulfill its obligations under this Agreement, provided, in each case, that any such Affiliate, actual or potential licensee or sublicensee, employee, consultant or agent agrees to be bound by terms of confidentiality and non-use comparable in scope to those set forth herein; and

(vii) made to Third Parties in connection with due diligence or similar investigations by such Third Parties, and disclosure to potential Third Party investors in confidential financing documents, provided, in each case, that any such Third Party agrees to be bound by reasonable obligations of confidentiality and non-use; and

(viii) with respect to disclosure by Flexion, made to Regulatory Authorities in connection with obtaining and maintaining any Marketing Authorization.

(d) The Parties rights and obligations regarding the filing of this Agreement with any securities authority or with any stock exchange on which securities issued by a Party or its Affiliate are traded are set forth in Section 10.10.

(e) Subject to Patheon's obligations with any Regulatory Authority, upon expiration or termination of this Agreement, each Party, at the request of the other, shall return all data, files, records and other materials in its possession or control containing or comprising the other Party's Proprietary Information; provided that each Party may retain a copy of any Proprietary Information of the other Party required in order to permit a Party to exercise its rights pursuant to clause (c) above.

7.2 Injunctive Relief. Each Party acknowledges that a breach by either Party of the this ARTICLE VII may not reasonably or adequately be compensated in damages in an action at law and that such a breach may cause the other Party irreparable injury and damage. By reason thereof, each Party agrees that the other Party may be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to apply for preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of this ARTICLE VII; provided, however, that no specification in this Agreement of a specific legal or equitable remedy will be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of such a breach. Each Party agrees that the existence of any claim, demand, or cause of action of it against the other Party, whether predicated upon this Agreement, or otherwise, will not constitute a defense to the enforcement by the other Party, or its successors or assigns, of the covenants contained in this ARTICLE VII.

ARTICLE VIII. TERM AND TERMINATION

8.1 Term. This Agreement shall commence as of the Effective Date and, unless earlier terminated in accordance with the terms hereof, shall expire on the tenth (10th) anniversary of the FDA Approval Date (the "Initial Term"). Notwithstanding, by mutual agreement the Parties may commence discussions three (3) years prior to the end of the Initial Term with a view to extending the Initial Term for such period or periods as may be agreed (collectively, the Initial Term and any extensions thereof, the "Term").

8.2 Termination. In addition to any other provision of this Agreement expressly providing for termination of this Agreement, this Agreement may be terminated as follows:

(a) Flexion may terminate this Agreement:

(i) at any time by giving Patheon one (1) month prior written notice in the event that for efficacy or safety reasons the Product is withdrawn permanently or, if not yet approved, the Product is barred from further development (in either case for reasons outside of the reasonable control of Flexion) in the United States or any other market in a country or countries of the Territory that represent eighty percent (80%) or more of Flexion's overall Product sales including without limitation: (A) if any Regulatory Authority causes the clinical hold or permanent withdrawal of the Product, (B) failure to receive Marketing Authorization in the United States, (C) failure of the Product to achieve its primary endpoint or key secondary endpoints with respect to either of the ongoing (as of the Effective Date) Phase 2(b) and Phase 3 clinical trials, or (D) safety data which Flexion determines may have a materially adverse impact on use of the Product.

(ii) for convenience, at any time (x) prior to the FDA Approval Date, with three (3) months written notice to Patheon, and (y) after the FDA Approval Date, by giving twenty four (24) months prior written notice to Patheon; or

(iii) at any time upon written notice in the event of any material default by Patheon in the performance of any of its obligations hereunder, which material default has not been cured by Patheon within ninety (90) days after receiving written notice thereof ("Remediation Period"), provided that Patheon shall continue performing hereunder pursuant to the terms of Section 8.4 below. Flexion's right to terminate this Agreement for a particular breach under this Section 8.2(a)(iii) may only be exercised for a period of one hundred twenty (120) days following the expiry of the Remediation Period (where the breach has not been remedied) and, if the termination right is not exercised during this period, then Flexion will be deemed to have waived its right to terminate this Agreement for such breach. For purposes of clarity, the Parties agree that a "material default" of Patheon shall have occurred if (A) Patheon shall have delivered Non-Conforming Product caused by Patheon Nonconformance with respect to three (3) batches in any one calendar year, or (B) the Facility and/or the Manufacturing Suite violates GMP or other Applicable Law preventing the ability to continue the Manufacturing of Product for at least six (6) months.

(b) Patheon may terminate this Agreement at any time upon written notice in the event of (i) any material default by Flexion in the performance of any of its obligations hereunder, which default has not been cured by Flexion within ninety (90) days after receiving written notice thereof; or (ii) Flexion's default of its payment obligations in accordance with ARTICLE IV which default has not been cured by Flexion within fifteen (15) days after receiving written notice thereof; provided, however, that, if Flexion fails to cure such payment default, Patheon may not terminate without first providing a second notice to the attention of Flexion's Chief Executive Officer and an additional fifteen (15) day cure period.

(c) This Agreement may be terminated at any time by either Party immediately upon written notice to the other Party (A) pursuant to Section 10.2 in the event of a force majeure that remains uncured for the period provided in Section 10.2, or (B) if the other Party shall file in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for arrangement or for the appointment of a receiver or trustee of the other Party or of its assets, or if the other Party proposes a written agreement of composition of its debts, or if the other Party shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition is consented to by such Party or is not dismissed within sixty (60) days after the filing thereof, or if the other Party shall propose or be a Party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of its creditors.

(d) Either Party may terminate this Agreement by giving three (3) months' notice to the other Party if a permanent injunction is granted pursuant to a Third Party claim for intellectual property infringement in either the United Kingdom and/or the United States preventing the further sale, promotion or marketing of the Product in such country as applicable.

(e) This Agreement will automatically terminate should either Flexion or Patheon exercise its right to terminate the Technical Transfer Agreement (but not in the event of an expiration of such agreement as set forth in Section 8.2 thereof) prior to the FDA Approval Date, in which case, any payment to Patheon will be made in accordance with the Technical Transfer Agreement.

8.3 Effect of Termination.

(a) The expiration or termination of this Agreement shall be without prejudice to any rights or obligations of the Parties that may have accrued prior to such termination, and the provisions of Sections 2.8 (in respect of Product on the market at the date of termination of this Agreement), 3.5, 3.6, 3.8, 3.10, 3.12, 3.13, 5.1, 5.2(c), 5.5, 6.3, 6.5, 8.3 and 8.4 and ARTICLE I (to the extent definitions are used in other surviving sections pursuant to this Section 8.3(a)), ARTICLE IV, ARTICLE VII, ARTICLE IX, and ARTICLE X; provided that, Section 3.8 shall only survive for a period of […***…] days after expiration or termination of this Agreement in respect of deviations that occurred before termination or expiration and continue to be relevant shall survive the expiration or termination of this Agreement. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof shall not limit remedies that may otherwise be available in law or equity.

(b) Upon expiration or termination of this Agreement, subject to the Parties' obligations under Section 8.4 below, each Party, at the request of the other, shall return all data, files, records, and other materials in its possession or control containing or comprising the other Party's Proprietary Information.

(c) Upon expiration or termination of this Agreement for any reason, subject to the Parties' obligations under Section 8.4 below, (i) all submitted but unfilled Purchase Orders with respect to which Patheon has (1) not begun Manufacture of Product shall be cancelled, or (2) begun Manufacture of the Product shall be completed, unless otherwise agreed (ii) Flexion shall remove all Flexion Manufacturing Equipment and Materials from the Facility within […***…] days of such termination under all sections other than Section 8.2(a)(iii) and within […***…] days […***…] of a termination by Flexion pursuant to Section 8.2(a)(iii) that is not reasonably disputed by Patheon, failing which Flexion will pay a fee equivalent to the aggregate monthly Base Fee for the Manufacturing Suite for each month or part month the Flexion Manufacturing Equipment or Materials remain at the Facility after […***…] days or […***…] days, as applicable, from such termination.

(d) Upon expiration or termination of this Agreement, subject to the Parties' obligations under Section 8.4 below, (i) Flexion shall purchase from Patheon at Patheon's cost, all unpaid Material Costs and Bill Back Items which were ordered, purchased, produced or maintained by Patheon in contemplation of the Manufacture of the Product in accordance with Section 2.2; (ii) Flexion shall pay Patheon any earned but unpaid Product Fees, including those under any outstanding Purchase Order as described in Section 8.3(c); (iii) Flexion shall pay for any earned (through the month of such expiration or termination) but undisputed and unpaid Base Fees, Phase I Filling Space Fees or Additional Services; and (iv) Flexion shall pay all due and outstanding invoices under ARTICLE IV.

(e) Upon expiration or termination of this Agreement for any reason other than by […***…] pursuant to Section […***…] that is not reasonably disputed by […***…], subject to the Parties' obligations under Section 8.4 below, Flexion shall pay to Patheon all and any removal and Make Good Costs associated with the removal of the Flexion Manufacturing Equipment from the Facility as agreed to in good faith by the Parties. "Make Good Costs" means the reasonable costs required to repair the Facility and return it to a clean, safe and useable area based on the repair of damage caused by the installation or removal of Flexion Manufacturing Equipment. In relation to termination of this Agreement by […***…] pursuant to Section […***…], Flexion shall pay any Make Good Costs that are required in relation to and to the extent that any damage that is caused to the Facility as a result of the negligence of Flexion or its agent or a failure to materially comply with the reasonable written instructions of Patheon in the removal of Flexion Manufacturing Equipment.

(f) The Parties understand and believe that the expiration or termination of this Agreement for any reason shall not constitute a "relevant transfer" as defined by and pursuant to Regulation 3(1)(b) of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). If, contrary to the Parties' understanding and belief, TUPE does apply on the expiration or termination of this Agreement to the transfer of any employee or subcontractor of Patheon to Flexion or to any person who, after expiration or termination of this Agreement, provides to Flexion services similar to the Manufacturing Services and/or the Additional Services ("Replacement Entity") then:

(i) without prejudice to Flexion's obligations under Section 8.3(g) below, following termination or expiry of this Agreement other than by […***…] pursuant to Section […***…], Flexion shall indemnify Patheon for and against all claims, costs, expenses or liabilities arising, incurred or suffered by Patheon in relation to any claim made by or in respect of any person employed or formerly employed by Patheon for which it is alleged Flexion and/or any Replacement Entity may be liable by virtue of TUPE, provided that this indemnity shall not apply if and to the extent that, (A) the aggregate amount payable by Flexion pursuant to this Section 8.3(f)(i) and Section 8.3(g) exceeds the Maximum Manufacturing Services Termination Costs; or (B) any such claim, cost, expense or liability arises as a result of a failure by Patheon to comply with its applicable obligations under TUPE.

(ii) if (A) this Agreement has been terminated by […***…] pursuant to Section […***…], or (B) this Agreement terminates or expires under any other circumstances and the aggregate amount payable by Flexion pursuant to Section 8.3(f)(i) and Section 8.3(g) exceeds the Maximum Manufacturing Services Termination Costs, Patheon shall indemnify Flexion for and against all claims, costs, expenses or liabilities arising, incurred or suffered by Flexion and/or any Replacement Entity in relation to any claim made by or in respect of any person employed or formerly employed by Patheon for which it is alleged Flexion and/or any Replacement Entity may be liable by virtue of TUPE provided that this indemnity shall not apply if and to the extent that any such claim, cost, expense or liability arises as a result of a failure by Flexion or the Replacement Entity to comply with its applicable obligations under TUPE.

(g) Subject to the Parties' obligations under Section 8.4 below, Flexion shall pay to Patheon the following costs ("Manufacturing Services Termination Costs"): (i) upon expiration or termination of this Agreement, all reasonable actual costs incurred by Patheon to complete activities associated with such completion, expiry or termination including, without limitation, disposal fees that may be payable for any Materials and supplies owned by Flexion to be disposed of by Patheon; and (ii) upon expiration or termination of this Agreement other than by […***…] pursuant to Section […***…], all and any direct costs and expenses or termination or cancellation fees payable by Patheon as a consequence of or arising from the termination of this Agreement, to include but not limited to, all and any reasonable redundancy costs of employees employed by Patheon to work solely or mainly in providing the Services and/or Manufacturing the Product, all and any termination costs in relation to subcontractors and agency staff working solely or mainly in providing the Services and/or Manufacturing the Product and any termination or cancellation fees payable to Third Party suppliers. Patheon will use commercially reasonable efforts to mitigate the Manufacturing Services Termination Costs and reallocate available resources. Patheon will further provide Flexion with documentation in order to substantiate the Manufacturing Services Termination Costs. Notwithstanding anything in this Section 8.3(g), Flexion's aggregate liability for the Manufacturing Services Termination Costs (under both this Agreement and the Technical Transfer Agreement combined) shall be limited to the payment to Patheon of the first £[…***…] (the "Maximum Manufacturing Services Termination Costs").

(h) Flexion acknowledges that no Patheon Competitor (being a Person that derives greater than […***…]% of its revenues from performing contract pharmaceutical or biopharmaceutical development or commercial manufacturing services) will be permitted access to the Facility.

(i) In relation to any representatives of Flexion that are permitted access to the Facility pursuant to Section 8.3 or 8.4, Flexion shall ensure that such representatives are appropriately trained by Flexion (e.g. GMP training) and shall observe at all times Patheon's policies and procedures (as amended from time-to-time) as they pertain to the Facility, including policies relating to health and safety and compliance with GMP, and comply with all reasonable directions of Patheon in relation to the same; provided that Flexion is given notice of such policies and given a reasonable period of time to review and implement such policies. Patheon may refuse or limit in its sole discretion at any time admission to the Facility by any of Flexion's representatives who fail to observe such policies or comply with such reasonable directions.

(j) The Parties agree that if any fees or charges are duplicated under Section 8.11 of the Technical Transfer Agreement, Flexion shall only be obligated to make such payment once.

8.4 Transition Assistance.

(a) Upon the delivery by either Party of a notice of termination of this Agreement for any reason, upon the request of Flexion, and subject to terms set forth in this Agreement including this Section 8.4(a), (i) Patheon shall provide Flexion with the reasonable assistance of its staff and reasonable access to its other internal resources to provide Flexion with a reasonable level of technical assistance and consultation to transfer the Manufacture and the regulatory qualification of the Product to a supplier of Flexion's election, provided that Flexion will reimburse Patheon for its fees and all documented costs and out-of-pocket expenses incurred in connection with such assistance (Patheon would provide a quotation for the services which Flexion requires pursuant to this Section 8.4 as Additional Services and on acceptance by Flexion of the same, Patheon will provide the services stated therein) and

(ii) Patheon will provide the deliverables set forth on Schedule 8.4(a) hereto subject to payment of the fees and costs to be paid by Flexion as described above.

(b) Upon the delivery by […***…] of a notice of termination of this Agreement pursuant to Section […***…] (but not including the giving of notice of termination following an extension to this Agreement pursuant to this Section 8.4(b)), if requested by Flexion in writing given at the same time as the giving of such notice of termination including the term of such additional supply, Patheon shall supply the Products pursuant to the terms of this Agreement for a period not to exceed a maximum of […***…] from the delivery of a notice of termination. For the avoidance of doubt, the termination date of this Agreement shall be deemed the date upon which the Parties have completed their obligations under this Section 8.4. Flexion acknowledges that, during such transition assistance period, no Patheon Competitor (being a Person that derives greater than […***…]% of its revenues from performing contract pharmaceutical or biopharmaceutical development or commercial manufacturing services) will be permitted access to portions of the Facility other than those dedicated to the Manufacture of the Product.

ARTICLE IX. INDEMNIFICATION

9.1 Flexion Indemnification Obligations. Flexion shall indemnify Patheon, its Affiliates, and their respective directors, officers, employees, and agents (the "Patheon Indemnified Parties"), and defend and save each of them harmless, from and against any and all (a) Third Party Losses incurred by any of them in connection with, arising from, or occurring as a result of (i) the breach by Flexion of any of its obligations under this Agreement; (ii) the breach or inaccuracy of any representation or warranty made by Flexion in this Agreement, (iii) any negligence or willful misconduct by Flexion or any of its Affiliates, (iv) any claim made by any Person that the Manufacture and supply of the Product in accordance with the terms hereof infringes or misappropriates the patent, trademark, or other intellectual property rights of such Person, and (v) any product liability claim made by any Person with respect to any Product Manufactured in accordance with the terms hereof, except to the extent liability is based on a Patheon Nonconformance or (b) any Loss incurred by any of them as a direct result of and to the extent of the negligence or willful misconduct of the Flexion On Site Representatives at the Facility except, in each case, for those Losses for which Patheon has an obligation to indemnify the Flexion Indemnified Parties pursuant to Section 9.2, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses and provided, however, that Flexion will not be required to indemnify the Patheon Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused by any breach of contract, negligent act or omission, or intentional misconduct by any Patheon Indemnified Parties. For the avoidance of doubt, the parties acknowledge that Patheon has not and will not conduct any freedom to operate searches in relation to the Product and/or Flexion's Manufacturing Process nor reviewed any third party patents in relation thereto and that Patheon's failure or omission to do so will not be considered negligence for the purposes of excluding or limiting a claim under this indemnity.

9.2 Patheon Indemnification Obligations. Patheon shall indemnify Flexion, its Affiliates, and their respective directors, officers, employees, and agents (the "Flexion Indemnified Parties"), and defend and save each of them harmless, from and against any and all (a) Third Party Losses incurred by any of them resulting from, or relating to, any claim of personal injury or property damage to the extent that the injury or damage is in connection with, arising from, or occurring as a result of (i) the breach or inaccuracy of any representation or warranty made by Patheon in this Agreement, (ii) any negligence or willful misconduct by Patheon or any of its Affiliates; and (iii) any product liability claim made by any Person with respect to any Product Manufactured by Patheon to the extent any such liability is based on or caused by a Patheon Nonconformance; (b) Third Party Losses incurred by any of them in connection with, arising from, or occurring as a result of a claim that any Existing Patheon Intellectual Property or Patheon Improvement used by Patheon in its Manufacture of the Product infringes or misappropriates the patent, trademark, or other intellectual property rights of such Person; except, in each case, for which Flexion has an obligation to indemnify the Patheon Indemnified Parties pursuant to Section 9.1, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses and provided, however, that Patheon will not be required to indemnify the Flexion Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused by any breach of contract, negligent act or omission, or intentional misconduct by Flexion Indemnified Parties.

9.3 Indemnification Procedure.

(a) Notice of Claim. The indemnified Party (the "Indemnified Party") shall give the indemnifying Party (the "Indemnifying Party") prompt written notice (an "Indemnification Claim Notice") of any Loss, action, or discovery of facts upon which such Indemnified Party intends to base a request for indemnification under Section 9.1 or 9.2 (a "Claim"), but in no event shall the Indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Losses upon which it intends to seek indemnification.

(b) Control of Defense. At its option, the Indemnifying Party may assume the defense of any Claims by giving written notice to the Indemnified Party within […***…] days after the Indemnifying Party's receipt of an Indemnification Claim Notice; provided that the assumption of the defense of a Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's Claim. Upon assuming the defense of a Claim, the Indemnifying Party may appoint as lead counsel in the defense of such Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Claim, the Indemnified Party shall immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by any Indemnified Party in connection with the Claim. Subject to clause (c) below, if the Indemnifying Party assumes the defense of a Claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense, or settlement of such Claim. In the event that it is ultimately determined that the Indemnifying Party is not obliged to indemnify, defend, or hold harmless an Indemnified Party from and against any Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including attorneys' fees and costs of suit) and any Losses incurred by the Indemnifying Party in its defense of such Claim.

(c) Right to Participate in Defense. Without limiting Section 9.3(b), any Indemnified Party shall be entitled to participate in, but not control, the defense of a Claim and to employ counsel of its choice for such purpose; provided, however, that such employment shall be at the Indemnified Party's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 9.3(b) (in which case the Indemnified Party shall control the defense), or (iii) the interests of the Indemnified Party and the Indemnifying Party with respect to such Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules, or equitable principles.

(d) Settlement. With respect to any Losses (i) relating solely to the payment of money damages in connection with a Claim, (ii) that will not result in the Indemnified Party becoming subject to injunctive or other relief or otherwise adversely affect the business or reputation of the Indemnified Party in any manner, and (iii) as to which the Indemnifying Party has acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the Indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Claims, where the Indemnifying Party has assumed the defense of the Claim in accordance with Section 9.3(b), the Indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss; provided that it obtains the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, agree to any settlement or acquiesce to any judgment with respect to a Claim that obligates the Indemnified Party to pay any amount subject to indemnification by the Indemnifying Party or causes the Indemnified Party to admit to any civil or criminal liability.

(e) Cooperation. If the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party shall cooperate in the defense or prosecution thereof and shall, at the Indemnifying Party's expense, furnish such records, information, and testimony, provide such witnesses, and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified

Party of, records and information that are reasonably relevant to such Claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party shall reimburse the Indemnified Party for all its time and reasonable out-of-pocket expenses in connection therewith.

(f) Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Claim shall be reimbursed on a monthly basis in arrears by the Indemnifying Party, without prejudice to the Indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obliged to indemnify the Indemnified Party.

9.4 Insurance. During the Term and for […***…] thereafter, each Party shall procure and maintain at its own expense from a qualified and licensed insurer liability insurance or indemnity policies, in an amount not less than $[…***…] in the aggregate with respect to public and products liability, subject to such deductible or self-retention limits as either Party in its business discretion may elect. Such policies shall insure against liability on the part of each Party and any of its Affiliates, as their interests may appear, due to injury, disability, or death of any person or persons, or injury to property, arising from the distribution of the Products. Each Party will either (a) include the other Party and its officers and employees and consultants as additional insureds on such policies, or (b) ensure that such policy contains an indemnity to principal clause. Promptly following the execution of this Agreement, each Party shall provide to the other a certificate of insurance (i) summarizing the insurance coverage and (ii) identifying any exclusions. Each Party shall promptly notify the other of any material adverse alterations to the terms of this policy or decreases in the amounts for which insurance is provided.

9.5 Limitation on Damages

(a) Maximum Liability. Except with respect to (i) […***…] of Patheon or (ii) for damages incurred by Flexion arising from, or occurring as a result of a claim by a Third Party that any […***…] used by Patheon in its Manufacture of the Product […***…] or (iii) breaches of […***…], Patheon's maximum liability to Flexion under this Agreement for any reason whatsoever, including, without limitation, any liability arising under Sections 2.7, 2.8, 3.10, 3.12 or 9.2 hereof or resulting from any and all breaches of its representations, warranties, or any other obligations under this Agreement in each calendar year (liability cap pro-rated for part calendar years) will not exceed […***…]% of the revenues received by Patheon pursuant to this Agreement in the […***…] period prior to the month in which the underlying event occurred that gave rise to the liability (e.g. the date of the incident or manufacture).

(b) NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR (I) ANY (DIRECT OR INDIRECT) LOSS OF PROFITS, OF PRODUCTION, OF ANTICIPATED SAVINGS, OF BUSINESS, OF GOODWILL OR OF USE OF THE PRODUCT OR COSTS OF ANY SUBSTITUTE SERVICES OR (II) ANY OTHER LIABILITY, DAMAGE, COST OR EXPENSE OF ANY KIND INCURRED BY THE OTHER PARTY OF AN INDIRECT OR CONSEQUENTIAL NATURE, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF THE DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS PARAGRAPH IS INTENDED TO LIMIT OR RESTRICT DAMAGES AVAILABLE FOR […***…].

(c) The limitations set forth in Sections 9.5(a) and 9.5(b) shall not act to exclude or limit either Party's liability for (i) personal injury or death caused by the negligence of that Party, or for (ii) fraudulent misrepresentation.

(d) Sole & Exclusive Remedies. Notwithstanding anything in this Article IX to the contrary:

(i) Except as described in Section 9.5(c) above and except for Patheon's indemnification obligations set forth in Section 9.2, Patheon's sole liability and Flexion's sole and exclusive remedy whether in contract, tort, equity or otherwise for Non-Conforming Product based on or caused by a Patheon Nonconformance shall be the rights and remedies set forth in Section 2.8, 3.10 and 3.12 of this Agreement and in Section 8.2(a)(iii) of this Agreement.

(ii) Patheon's sole liability and Flexion's sole and exclusive remedy whether in contract, tort, equity or otherwise for Patheon's failure to Manufacture the full quantity of Product specified in a Purchase Order by the Agreed Delivery Date shall be the rights and remedies set forth in Section 2.7 and Section 8.2(a)(iii) of this Agreement.

9.6 Product Liability Claims. As soon as it becomes aware, each Party will give the other prompt written notice of any defect or alleged defect in a Product, any injury alleged to have occurred as a result of the use or application of the Product, and any circumstances that may give rise to litigation or recall of a Product or regulatory action that may affect the sale or Manufacture of a Product, specifying, to the extent the Party has such information, the time, place, and circumstances thereof and the names and addresses of the persons involved. Each Party will also furnish promptly to the other copies of all papers received in respect of any claim, action, or suit arising out of such alleged defect, injury, or regulatory action.

9.7 Allocation of Risk. This Agreement (including, without limitation, this ARTICLE IX) is reasonable and creates a reasonable allocation of risk for the relative profits the Parties each expect to derive from the Products.

ARTICLE X. MISCELLANEOUS

10.1 Notices. Notwithstanding that advance notification of any notices or other communications may be given by electronic mail transmission, all notices or other communications that shall or may be given pursuant to this Agreement shall be in writing (including by confirmed receipt electronic mail) and shall be deemed to be effective (a) when delivered if sent by registered or certified mail, return receipt requested, or (b) on the next business day, if sent by overnight courier, (c) when sent if sent by electronic mail provided that receipt is confirmed, in each case to the Parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid:

If to Flexion:
Flexion Therapeutics, Inc.
Attn: Michael Clayman, MD
Telephone: […***…]
Email: […***…]

With a copy to: Legal

If to Patheon:

Attention:
Patheon UK Limited
Executive Director & General Manager
Kingfisher Drive, Covingham
Swindon, Wiltshire SN3 5BZ
England
Email: […***…]
with copy to Legal Director.

10.2 Force Majeure. Neither Party shall be liable for delay in delivery, performance or nonperformance, in whole or in part, nor shall the other Party have the right to terminate this Agreement except as otherwise specifically provided in this Section 10.2 where such delay in delivery, performance or nonperformance results from acts beyond the reasonable control and without the fault or negligence of such Party including, but not limited to, the following conditions: fires, floods, storms, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorism, insurrections, riots, civil commotion, or acts, omissions, or delays in acting by any governmental authority; provided that the Party affected by such a condition shall, within five (5) days of its occurrence, give notice to the other Party stating the nature of the condition, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is reasonably required, and the nonperforming Party shall use its commercially reasonable efforts to remedy its inability to perform; provided, however, that in the event the suspension of performance continues for […***…] days after the date of the occurrence, and such failure to perform would constitute a material breach of this Agreement in the absence of such force majeure event, the non-affected Party may terminate this Agreement immediately by written notice to the affected Party.

10.3 Independent Contractor. The Parties to this Agreement are independent contractors. Nothing contained in this Agreement shall be construed to place the Parties in the relationship of employer and employee, partners, principal, and agent or a joint venture. Neither Party shall have the power to bind or obligate the other Party nor shall either Party hold itself out as having such authority.

10.4 Waiver. Save where expressly stated in Sections 2.8 and 8.2(a)(iii), no waiver by either Party of any provision or breach of this Agreement shall constitute a waiver by such Party of any other provision or breach, and no such waiver shall be effective unless made in writing and signed by an authorized representative of the Party against whom waiver is sought. No course of conduct or dealing between the Parties will act as a modification or waiver of any provision of this Agreement. Either Party's consent to or approval of any act of the other Party shall not be deemed to render unnecessary the obtaining of that Party's consent to or approval of any subsequent act by the other Party.

10.5 Entire Agreement. This Agreement (together with all Exhibits and Schedules hereto, which are hereby incorporated by reference), the Quality Agreement, and the Technical Transfer Agreement constitute the final, complete, and exclusive agreement between the Parties relating to the subject matter hereof and supersede all prior conversations, understandings, promises, and agreements relating to the subject matter hereof, including without limitation that (i) certain Confidentiality Agreement dated September 22, 2014 between Flexion and Patheon and the Letter Agreement, and (ii) that certain Patheon Partner External User Account/Access Form, Client Agreement and Authorization signed by Flexion on June 5, 2015.

Neither Party has relied upon any communications, representations, terms or promises, verbal or written, not set forth herein. No terms, provisions or conditions of any purchase order or other business form or written authorization used by Flexion or Patheon will have any effect on the rights, duties, or obligations of the Parties under or otherwise modify this Agreement, regardless of any failure of Flexion or Patheon to object to the terms, provisions, or conditions unless the document specifically refers to this Agreement and is signed by both Parties.

10.5A Assignment; Change of Control. This Agreement may not be assigned by Patheon without the prior written consent of Flexion. Notwithstanding the foregoing, either Party may assign this Agreement to an Affiliate or to an acquirer or successor in interest in connection with a Change of Control of such Party without the prior written consent of the other Party, provided that such Party provides the other Party with written notice of any such assignment. This Agreement shall be binding upon and inure to the benefit of Flexion and Patheon and their respective successors, heirs, executors, administrators, and permitted assigns. "Change of Control" means the closing of (a) a merger, consolidation or similar transaction providing for the acquisition of the direct or indirect ownership of more than fifty percent (50%) of a Party's shares or similar equity interests or voting power of the outstanding voting securities or that represents the power to direct the management and policies of such Party (including any acquisition arising through the offering of any shares of Patheon or any of its Affiliates on any securities or stock exchange), or (b) the sale of all or substantially all of a Party's assets related to the subject matter of the Agreement.

10.6 Amendment; Modification. This Agreement may not be amended, modified, altered, or supplemented except by a writing signed by both Parties. No modification of any nature to this Agreement and no representation, agreement, arrangement, or other communication shall be binding on the Parties unless such is expressly contained in writing and executed by the Parties as an amendment to this Agreement. This Agreement may not be amended in any respect by any purchase order, invoice, acknowledgment, or other similar printed document issued by either Party.

10.7 Governing Law

(a) The laws of […***…], whether procedural or substantive (but excluding application of any choice of law provisions contained therein) shall apply to all matters pertaining only to (a) title to and ownership of Materials, Equipment or the Facility, and its appurtenances including, without limitation, all rights therein and the creation, exercise and extinction of such rights, obligations and liabilities or (b) employment law matters. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the […***…] Courts. For the avoidance of doubt,

the Parties agree that nothing in this Agreement shall (i) grant Flexion any property ownership rights in the Facility or (ii) shall constitute a lease to the Facility.

(b) In all other respects, this Agreement shall be construed under and governed by the laws of […***…] without regard to the application of principles of conflicts of law. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of […***…].

(c) Any preliminary issue over which of sub-section 10.7(a) or (b) applies to a particular claim or dispute shall be determined in accordance with provisions of 10.7(a).

(d) The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, if applicable.

10.8 Compliance with Applicable Laws. Each Party and its Affiliates, and their respective representatives, shall comply with all applicable laws, rules and regulations in the performance of their obligations under this Agreement. Without limiting the foregoing, each Party and its Affiliates, and their respective representatives, shall comply with export control laws and regulations of the country of Manufacture and of the United States. Neither Party nor its Affiliates (or representatives) shall, directly or indirectly, without prior U.S. government authorization, export, re-export, or transfer the Product to any country subject to a U.S. trade embargo, to any resident or national of any country subject to a U.S. trade embargo, or to any person or entity listed on the "Entity List" or "Denied Persons List" maintained by the U.S. Department of Commerce or the list of "Specifically Designated Nationals and Blocked Persons" maintained by the U.S. Department of Treasury. In so far as the same applies to a Party or its Affiliates, each Party and its Affiliates and respective representatives shall comply with the requirements of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd-1, et seq.).

10.9 Dispute Resolution.

(a) The Parties recognize that disputes may arise from time to time during the Term of this Agreement. It is the objective of the Parties to establish procedures to facilitate the resolution of such disputes arising under this Agreement in an expedient manner by mutual cooperation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Section 10.9 if and when a dispute arises under this Agreement.

(b) Unless otherwise specifically recited in the Agreement, disputes between the Parties under this Agreement will be first referred to the Project Manager of each Party as soon as reasonably possible after such dispute has arisen. If the Project Managers are unable to resolve such a dispute within fifteen (15) days of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Steering Committee. If the Steering Committee is unable to resolve such dispute within thirty (30) days of being requested by a Party to resolve such dispute, each Party shall have the right, pursuant to written notice, to refer such dispute to the […***…] of each Party for attempted resolution by negotiations within thirty (30) days after such written notice is received. If the […***…] are unable to resolve such dispute within thirty (30) days of being requested by a Party to resolve such dispute, each Party shall have the right to pursue any remedies available to it at law or in equity.

10.10 Securities Authorities and Stock Exchange Filings; Press Releases; Use of Trademarks.

(a) The Parties shall coordinate in advance with each other in connection with (i) a Party's decision to file this Agreement with any securities authority or with any stock exchange on which securities issued by a Party or its Affiliate are traded, or (ii) any other disclosure of information pertaining to this Agreement as otherwise required by the rules and regulations of the Securities and Exchange Commission or any other securities authority or stock exchange on which securities issued by a Party or its Affiliates are traded, and, in each such instance, (a) the filing Party will provide the other Party at least ten (10) business days to review a draft redacted version of this Agreement, and (b) both Parties shall work together in good faith to agree on the disclosure to be made, having due and proper regard to their legal obligations; provided that the filing Party subject to such rules and regulations shall ultimately retain control over what information to disclose to any securities authority or stock exchange. Each filing Party shall use reasonable efforts to seek confidential treatment for terms proposed to be redacted; provided that the

Parties shall use their reasonable efforts to file redacted versions with any governing bodies which are consistent with redacted versions previously filed with any other governing bodies. Other than such obligations, neither Party (nor any of its Affiliates) shall be obligated to consult with or obtain approval from the other Party with respect to any filings to any securities authority or stock exchange.

(b) Except for the filings described in Section 10.10(a) above, the Parties agree not to disclose in any press release or other public statement any terms or conditions of this Agreement to any Third Party without the prior consent of the other Party. Neither Party shall (a) issue a press release or make any other public statement that references this Agreement or (b) use the other Party's or the other Party's Affiliates' names or trademarks for publicity or advertising purposes, except with the prior written consent of the other Party. Each Party agrees that it shall cooperate fully and in a timely manner with the other with respect to all disclosures to the Securities and Exchange Commission or any other governmental or regulatory agencies, including requests for confidential treatment of Proprietary Information of either Party included in any such disclosure.

10.11 Severability. If any provision of this Agreement is found by a proper authority to be unenforceable, that provision to the extent it is found to be unenforceable or invalid shall be severed and the remainder of the provision and this Agreement will continue in full force and effect. The Parties shall use their best efforts to agree upon a valid and enforceable provision as a substitute for any invalid or unenforceable provision, taking in to account the Parties' original intent of this Agreement.

10.12 Construction. Unless the context of this Agreement otherwise requires: (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; (d) the terms "Article," "Section," "Exhibit," "Schedule," or "clause" refer to the specified Article, Section, Exhibit, Schedule, or clause of this Agreement; (e) "or" is disjunctive but not necessarily exclusive; and (f) the term "including" or "includes" means "including without limitation" or "includes without limitation." Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless business days are specified. The captions and headings of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties, and no rule of strict construction shall be applied against either Party hereto.

10.13 Third Party Beneficiaries. This Agreement is not intended to confer upon any non-party rights or remedies hereunder, except as may be received or created as part of a valid assignment.

10.14 Further Assurances. Each of the Parties agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

10.15 Counterparts. This Agreement may be signed in counterparts, each and every one of which shall be deemed an original. Electronic or Facsimile signatures shall be treated as original signatures.

10.16 […***…]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

PATHEON UK LIMITED:

By: /s/ A.M. Botterill

Name: A.M. Botterill

Title: Exec. Dir. & Gen. Manager

FLEXION THERAPEUTICS, INC.:

By: /s/ Michael D. Clayman, M.D.

Name: Michael D. Clayman, M.D.

Title: CEO

[…***…]

Schedule 2.9

[…***…]

Schedule 1.60

[…***…]

Schedule 1.62

[…***…]

Schedule 1.82

[…***…]

Schedule 2.1(a)

I. […***…]

Schedule 6.4(a)

[…***…]

Schedule 8.4(a)

[…***…]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

AMENDMENT AGREEMENT

First Amendment to the Manufacturing and Supply Agreement

This Amendment Agreement (this "**Amendment Agreement**") is between Flexion Therapeutics, Inc., having its principal office at 10 Mall Road, Burlington MA, USA ("Flexion") and Patheon UK Limited, having a principal place of business at Kingfisher Drive, Covingham, Swindon, Wiltshire SN35BZ, United Kingdom ("**Patheon**") (collectively, "**Parties**"; individually, "**Party**"). This Amendment Agreement is dated 8 May 2019 (the "**Amendment Effective Date**").

WHEREAS, Flexion and Patheon entered into a Manufacturing and Supply Agreement ("**Manufacturing and Supply Agreement**") on 31 July 2015, pursuant to which Patheon provides manufacturing services for Flexion's FX006 drug product (ZILRETTA) (an extended-release formulation of triamcinolone acetonide).

WHEREAS, the Parties have agreed to initiate construction of the area referred to as the Phase III manufacturing suite at Patheon's facility and to incur certain capital expenditures to facilitate the manufacture of Flexion's product in this manufacturing suite.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements set forth below and in the Manufacturing and Supply Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereto, intending to be legally bound, do hereby agree as follows:

1.Definitions

Defined terms in this Amendment Agreement shall have the same meaning as those in the Manufacturing and Supply Agreement as applicable unless otherwise indicated.

2.Amendments

The Manufacturing and Supply Agreement shall be amended such that the following Schedules or parts of Schedules to the Manufacturing and Supply Agreement shall be replaced as set out in the Exhibits attached to this Amendment Agreement.
Schedule 2.9 (Equipment)
Phase III and Combined Phases I, II and III of Schedule 1.60 (Footprint)
[***]

3.Effectiveness of Amendments

The amendments to the Manufacturing and Supply Agreement set forth herein shall be effective as of the Amendment Effective Date.

4.Integration

Except for the sections of the Manufacturing and Supply Agreement specifically amended hereunder, all terms and conditions of the Manufacturing and Supply Agreement remain and shall remain in full force and effect. This Amendment Agreement shall hereafter be incorporated into and deemed part of the Manufacturing and Supply Agreement and any future reference to the Manufacturing and Supply Agreement shall include the terms and conditions of this Amendment Agreement.

5.Governing Law and Jurisdiction

This Amendment Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws that govern the Manufacturing and Supply Agreement, and the Parties submit to the jurisdiction and dispute resolution provisions as set forth in the Manufacturing and Supply Agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment Agreement to be executed by their duly authorized representatives, effective as of the date of the last signature.

FLEXION THERAPEUTICS, INC.	**PATHEON UK LTD.**
/s/ Michael D. Clayman, M.D.	/s/ Luca Andretta
Signature	Signature
Michael D. Clayman, M.D.	Luca Andretta
Name	Name
CEO	Director
Title	Title
May 9, 2019	May 12, 2019
Date	Date

Exhibit 1 of the Amendment Agreement

[***]

Exhibit 2 of the Amendment Agreement

[***]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

AMENDMENT AGREEMENT

Second Amendment to the Manufacturing and Supply Agreement

This Amendment Agreement (this "**Amendment Agreement**") is between Flexion Therapeutics, Inc., having its principal office at 10 Mall Road, Burlington MA, USA ("**Flexion**") and Patheon UK Limited, having a principal place of business at Kingfisher Drive, Covingham, Swindon, Wiltshire SN35BZ, United Kingdom ("**Patheon**") (collectively, "**Parties**"; individually, "**Party**"). This Amendment Agreement is dated 17 June 2019 (the "**Amendment Effective Date**").

WHEREAS, Flexion and Patheon entered into a Manufacturing and Supply Agreement on 31 July 2015 as amended by the First Amendment Agreement dated 8 May 2019, (together, the "**Manufacturing and Supply Agreement**"), pursuant to which Patheon provides manufacturing services for Flexion's FX006 drug product (ZILRETTA) (an extended-release formulation of triamcinolone acetonide).

WHEREAS, the Parties have agreed to amend certain pricing terms and other related terms of the Manufacturing and Supply Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements set forth below and in the Manufacturing and Supply Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereto, intending to be legally bound, do hereby agree as follows:

1.Definitions

Defined terms in this Amendment Agreement shall have the same meaning as those in the Manufacturing and Supply Agreement as applicable unless otherwise indicated.

2.Amendments

The Manufacturing and Supply Agreement shall be amended such that the original Schedule 2.1(a) to the Manufacturing and Supply Agreement shall be deleted and replaced in its entirety with new Schedule 2.1(a), as set forth in Exhibit 1 to this Amendment Agreement.

3.Memorialization of Understanding.

For additional clarity, the Parties understand and agree that the definition of "**Patheon Nonconformance**" for the purposes of the Agreement, is inclusive of (i) Patheon's [***]

in connection with performing (or failing to perform), [***] pursuant to Section [***], and (ii) Patheon's [***] [***] in connection with providing (or failing to provide), the [***] in accordance with the [***].

4.Effectiveness of Amendments

The amendments to the Manufacturing and Supply Agreement set forth herein shall be effective as of the Amendment Effective Date.

5.Integration; Counterparts

Except for the sections or schedules of the Manufacturing and Supply Agreement specifically amended hereunder, all terms and conditions of the Manufacturing and Supply Agreement remain and shall remain in full force and effect. This Amendment Agreement shall hereafter be incorporated into and deemed part of the Manufacturing and Supply Agreement and any future reference to the Manufacturing and Supply Agreement shall include the terms and conditions of this Amendment Agreement. This Amendment Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement.

6.Governing Law and Jurisdiction

This Amendment Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws that govern the Manufacturing and Supply Agreement, and the Parties submit to the jurisdiction and dispute resolution provisions as set forth in the Manufacturing and Supply Agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment Agreement to be executed by their duly authorized representatives, effective as of the date of the last signature.

FLEXION THERAPEUTICS, INC.	**PATHEON UK LTD.**
/s/ Michael D. Clayman, M.D.	/s/ Luca Andretta
Signature	Signature
Michael D. Clayman, M.D.	Luca Andretta
Name	Name
CEO	Director
Title	Title
June 21, 2019	June 21, 2019
Date	Date

Exhibit 1 of the Amendment Agreement

[***]

PORTIONS OF THIS EXHIBIT MARKED BY […***…] **HAVE BEEN OMITTED PURSUANT TO RULE 601(B)(10) OF REGULATION S-K. THE OMITTED INFORMATION IS (I) NOT MATERIAL AND (II) IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.**

MANUFACTURING AND SUPPLY AGREEMENT

TECHNICAL TRANSFER AND SERVICE AGREEMENT

This **TECHNICAL TRANSFER AND SERVICE AGREEMENT** (this "Agreement"), dated as of July 31, 2015 (the "Effective Date"), is made by and between Flexion Therapeutics, Inc., a Delaware corporation having its principal place of business at 10 Mall Road, Suite 301, Burlington, Massachusetts, United States ("Flexion"), and Patheon UK Limited, a company incorporated in England and Wales having its principal place of business at Kingfisher Drive, Covingham, Swindon, SN35BZ, United Kingdom ("Patheon"). Flexion and Patheon are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Flexion has a commercial interest in the Manufacture (as defined herein) and commercialization of FX006 drug product, an extended-release formulation of triamcinolone acetonide (TCA) which is manufactured using Flexion's Manufacturing Process (the "Product");

WHEREAS, concurrently herewith, the Parties are executing a manufacturing and supply agreement (the "Manufacturing and Supply Agreement") pursuant to which Patheon would be a manufacturer and supplier of the Product; and

WHEREAS, in anticipation of the Manufacturing and Supply Agreement and the goods and services that Patheon will supply thereunder, the Parties desire to enter into a binding agreement pursuant to which Patheon would undertake certain technical transfer and construction services in order to validate and scale up portions of Flexion's technology package and prepare Patheon's facilities for the Manufacture of the Product;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises and covenants of the Parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, do hereby agree as follows:

ARTICLE 1
DEFINITIONS

The following terms will have the meanings set forth below. Unless the context indicates otherwise, the singular will include the plural and the plural will include the singular. Any term not defined hereunder shall have the meaning ascribed to such term in the Manufacturing and Supply Agreement.

1.1 "Act" means the United States Federal Food, Drug and Cosmetic Act, as amended.

1.2 "Additional Services" means any services requested and approved by Flexion that supplement Patheon's regular performance of the Services as described in Schedule 2.1(a) of the Manufacturing and Supply Agreement.

1.3 "Affiliate(s)" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For the purposes of this Section 1.3 only, a Person will be regarded as in control of another Person if such Person owns, or directly or indirectly controls, more than 50% of the voting securities (or comparable equity interests) or other ownership interests of the other Person, or if such Person directly or indirectly possesses the power to direct or cause the

direction of the management or policies of the other Person, whether through the ownership of voting securities, by contract, or any other means whatsoever.

1.4 "Agreement" has the meaning set forth in the preamble hereto.

1.5 "API" means the active pharmaceutical ingredient triamcinolone acetonide, micronized.

1.6 "Applicable Law" means applicable United States, Canadian, English and other foreign federal, state, and local laws, orders, rules, regulations, guidelines, standards, customs and ordinances, including, without limitation, those (to the extent they are applicable) of the FDA, Health Canada, the Medicines and Healthcare Products Regulatory Agency in the United Kingdom and other comparable foreign Regulatory Authorities, including the Food Drug and Cosmetic Act.

1.7 "Base Fee" means the monthly fee paid by Flexion in consideration for the Services, as more specifically set forth in Schedule 2.1(a) of the Manufacturing and Supply Agreement. For the avoidance of doubt, Base Fees do not include Capital Expenditures, Product Fees (as defined in the Manufacturing and Supply Agreement), Material Costs (as defined in the Manufacturing and Supply Agreement), or charges for Bill Back Items or Additional Services.

1.8 "Bill Back Items" means items and services set forth in Schedule 2.1(a) of the Manufacturing and Supply Agreement that are used or necessary in connection with the Manufacture of the Products and which result in a nominal cost to Flexion.

1.9 "Capital Expenditures" has the meaning set forth in Section 2.2.

1.10 "Certificate of Analysis" has the meaning set forth in Section 1.8a of the Manufacturing and Supply Agreement.

1.11 "Change of Control" has the meaning set forth in Section 9.6.

1.12 "Claim" has the meaning set forth in Section 7.3(a).

1.13 "Completion of the Tech Transfer" has the meaning set forth in Section 8.2.

1.14 "Control" or "Controlled" means ownership or the right by a Party to assign or grant a license or sublicense under intellectual property rights to the other Party of the scope set forth herein, without breaching the terms of any agreement with a Third Party.

1.15 "Discretionary Manufacturing Changes" has the meaning set forth in Exhibit 2.1-F.

1.16 "Effective Date" has the meaning set forth in the Preamble.

1.17 "EMA" means the European Medicines Agency.

1.18 "Equipment" means any equipment used in the Manufacture of the Product as more fully set forth in Section 2.9 of the Manufacturing and Supply Agreement.

1.19 "Exploit" means to make, have made, import, use, sell, offer for sale, receive or otherwise dispose of the Product or process, including the research, development (including the conduct of clinical trials), registration, modification, enhancement, improvement, Manufacture, storage, formulation, optimization, export, transport, distribution, promotion, or marketing of the Product or process.

1.20 "Facility" means the facility of Patheon located at Kingfisher Drive, Swindon, Wiltshire SN3 5BZ, United Kingdom.

1.21 “FDA” means the United States Food and Drug Administration and any successor organization thereto and all agencies under its direct control.

1.22 “Flexion” has the meaning set forth in the Preamble.

1.23 “Flexion Indemnified Parties” has the meaning set forth in Section 7.2.

1.24 “Flexion Manufacturing Equipment” has the meaning set forth in Exhibit 2.1-F.

1.25 “Flexion’s Manufacturing Process” means the proprietary process owned or Controlled by Flexion for Manufacturing the Product as disclosed by Flexion to Patheon, and each intermediate of the Product, as established as of the Effective Date, including, without limitation, as set forth in the investigational new drug application filed with the FDA (“IND”) and, when applicable, as set forth in the NDA as may be filed with, and approved by, the FDA.

1.26 “Flexion On Site Representative” has the meaning set forth in Section 0(a).

1.27 “GMP” means the current good manufacturing practices applicable from time to time to the Manufacturing of the Product, or any intermediate of the Product, pursuant to Applicable Law, including those promulgated under the Act at 21 C.F.R. (chapters 210 and 211), and those promulgated under EC Directive 2003/94/EC, together with the latest FDA and EMA guidance documents pertaining to manufacturing and quality control practices, all as updated, amended and revised from time to time.

1.28 “Indemnification Claim Notice” has the meaning set forth in Section 7.3(a).

1.29 “Indemnified Party” has the meaning set forth in Section 7.3(a).

1.30 “Indemnifying Party” has the meaning set forth in Section 7.3(a).

1.31 “Key Technical Assumptions” has the meaning set forth in Exhibit 2.1-D.

1.32 “Loss” means any claims, lawsuits, losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys’ fees and disbursements).

1.33 “Maintenance” means the maintenance of Equipment and Facilities in satisfactory operating condition, including the performance of systematic inspection and service of Equipment pursuant to the applicable Standard Operating Procedures of Patheon, as reviewed and agreed to by Flexion (the “Equipment Standard Operating Procedures”), or the manufacturer’s terms of operation and recommended procedures.

1.34 “Make Good Costs” has the meaning set forth in Section 8.11(c).

1.35 “Manufacture” and “Manufacturing Services” means the manufacturing, processing, formulating, sterilization, filling, packaging, labelling, storage, handling, and quality control testing of Materials or the Product as more particularly set out in Schedule 2.1(a) of the Manufacturing and Supply Agreement.

1.36 “Manufacturing and Supply Agreement” has the meaning set forth in the Recitals.

1.37 “Manufacturing Suite” means the manufacturing suite at the Facility capable of Manufacturing the Product pursuant to Flexion’s Manufacturing Process, whose footprint is attached as Exhibit 2.1-A, together with the areas identified in the plan attached as Exhibit 2.1-A as the areas for the bulk powder Manufacture and bulk vial filling and, pursuant to the terms of Section 2.10 of the Manufacturing and Supply Agreement, the Phase I Filling Space. The footprint of the Manufacturing Suite and the engineering approach shall be revised by the Parties in order to adapt the Manufacturing Suite to Flexion’s Manufacturing Process, as set forth in Section 2.1 hereto. Such footprint is diagrammatic in nature and is intended to generally depict the location and approximate size of current and future

spaces allocated to Flexion. Such footprint may be amended to be specifically adapted to the Manufacture of the Product, and the Parties shall agree upon the definitive footprint, taking into account parameters such as the exact design of the space, space classifications, code requirements, equipment, materials, personnel, waste stream process flows, equipment sizing and utility requirements. For purposes of clarity, prior to the Phase III Manufacturing Suite Clearance Date (as defined in Section 2.10 of the Manufacturing and Supply Agreement), the definition of Manufacturing Suite shall include the Phase I Filling Space.

1.38 "Materials" means all API, excipients and processing aids, and processing, filling and packaging components, used in connection with the Manufacture of the Product and listed in Schedule 1.62 of the Manufacturing and Supply Agreement, as amended prior to Product launch, based on the Parties' most recent usage experience rate, and to reflect changes to the Specifications.

1.39 "NDA" means the new drug application for a product, including the Product, requesting permission to place a drug on the market in accordance with 21 C.F.R. Part 314, and all supplements filed pursuant to the requirements of the FDA, including all documents, data, and other information filed concerning such product that are necessary for FDA approval to market such product in the Territory.

1.40 "NDC" means "national drug code," a unique three-segment number, which is a universal product identifier for human drugs.

1.41 "Party" or "Parties" has the meaning set forth in the Preamble.

1.42 "Patheon" has the meaning set forth in the Preamble.

1.43 "Patheon Indemnified Parties" has the meaning set forth in Section 7.1.

1.44 "Patheon Manufacturing Equipment" has the meaning set forth in Exhibit 2.1-F.

1.45 "Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, or other similar entity or organization, including a government or political subdivision, department, or agency of a government.

1.46 Not used.

1.47 "Product" has the meaning set forth in the Recitals hereto, in finished, unpackaged form, according to the Specifications.

1.48 "Project Manager" has the meaning set forth in Section 2.7(c).

1.49 "Proprietary Information" has the meaning given in the Manufacturing and Supply Agreement.

1.50 "Quality Agreement" has the meaning set forth in Section 3.1 of the Manufacturing and Supply Agreement.

1.51 "Regulatory Approval" means any and all approvals (including pricing and reimbursement approvals), licenses, registrations, or authorizations of any Regulatory Authority necessary to Exploit the Product in any country in the Territory, including any (a) approval of a Product, Marketing Authorization and supplements and amendments thereto; (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto); (c) labelling approval; and (d) technical, medical, and scientific licenses.

1.52 "Regulatory Authority" means any applicable supra-national, federal, national, regional, state, provincial, or local regulatory agencies, departments, bureaus, commissions, councils, or other government entities regulating or otherwise exercising authority with respect to the Exploitation of the Product in the Territory.

1.53 "Remediation Period" has the meaning set forth in Section 8.5.

1.54 "Required Manufacturing Changes" has the meaning set forth in Exhibit 2.1-F.

1.55 "Services" means the (a) Manufacturing Services performed by Patheon pursuant to the Manufacturing and Supply Agreement; and (b) the Transfer Services performed by Patheon under this Agreement.

1.56 "Specifications" means the specifications for each presentation of Product (*i.e.*, the dosage forms in Schedule 1.82 of the Manufacturing and Supply Agreement) given by Flexion to Patheon relating to the specifications of the Materials; the manufacturing specifications, directions and processes; the storage requirements; all environmental, health and safety information for the Product including material safety data sheets and the finished Product specifications, specifications for bulk and primary packaging and shipping requirements for the Product, as amended, modified, or supplemented from time to time.

1.57 "Steering Committee" has the meaning set forth in Section 2.7(e).

1.58 "Taxes" means all forms of taxation and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholding or liabilities wherever chargeable and whether of the United Kingdom or any other jurisdiction (including for the avoidance of doubt, national insurance contributions in the United Kingdom) and any penalty, fine, surcharge, interest, charge, charges or costs thereto.

1.59 "Term" has the meaning set forth in Section 8.1.

1.60 "Territory" means […***…] and other territories agreed by the Parties pursuant to Section 2.2(h) of the Manufacturing and Supply Agreement from time to time.

1.61 "Third Party" means a Person who is neither a Party nor an Affiliate of a Party.

1.62 "Third Party Losses" means Losses incurred as a result of claims brought by Third Parties.

1.63 "Timeline" has the meaning set forth in Section 2.1.

1.64 "Transfer Services" means the services rendered under this Agreement, as described in Section 2.1 and in the Exhibits attached to this Agreement, based on the Key Technical Assumptions stated therein.

1.65 "VAT" has the meaning set forth in Section 9.15(c).

ARTICLE 2
TRANSFER SERVICES

2.1 Description of Transfer Services. Patheon will (a) provide engineering and construction services, directly or using third parties (pursuant to Section 9.8 hereto), to construct the Manufacturing Suite in accordance with the engineering approach and the footprints set forth in Exhibit 2.1-A of this Agreement, as it may be amended by mutual written agreement of the Parties, and the projected capital requirements set forth in Exhibit 2.1-B, (b) procure and/or validate the Equipment necessary to Manufacture the Product in accordance with Exhibit 2.1-F and perform the Transfer Services set forth in Exhibit 2.1-C, and (c) provide other services set forth in Exhibit 2.1-D in order to validate and implement Flexion's Manufacturing Process for the Product in compliance with the Quality Agreement, GMP, all other Applicable Law and the Specifications and register the Facility to Manufacture the Product (collectively, the "Transfer Services"). Patheon will perform the Transfer Services, (i) to facilitate the Regulatory Approval of the Manufacturing Suite as the manufacturing, testing, and packaging sites for the Product, (ii) so that the Product is Manufactured and tested using Flexion's Manufacturing Process including testing and releasing (pursuant to the terms of the Quality Agreement) all Materials according to the Specifications and test methods, including the Specifications set forth in the NDA when approved. Patheon will use its commercially reasonable

efforts to complete the Transfer Services in a timely fashion in accordance with the schedule set forth in Exhibit 2.1-E (the "Timeline"). The Parties will cooperate with one another in the performance of this Agreement in good faith.

2.2 Payments for Transfer Services. The Parties acknowledge and agree that Patheon's consideration for the Transfer Services performed hereunder is (a) the payment of the Base Fees, as set forth in Schedule 2.1(a) of the Manufacturing and Supply Agreement, (b) the payments associated with the Equipment, Manufacturing Suite construction and related process and support and validation services, each in accordance with the capital requirements set forth in Exhibit 2.1-B (together, the "Capital Expenditures"); (c) charges for Bill Back Items; and (d) charges for Additional Services. All payments from Flexion to Patheon hereunder shall be in British Pounds (GBP) and will be due and payable in accordance with the invoicing procedures set forth in ARTICLE IV of the Manufacturing and Supply Agreement. All invoices from Patheon to Flexion for Capital Expenditures shall include all (if any) applicable invoices from vendors for the supply, transportation, installation, and commissioning of the Equipment that pertain to the Transfer Services invoiced by Patheon. Flexion acknowledges that the amounts of Capital Expenditures are estimates and are subject to review once manufacturing details and process specification requirements have been confirmed, any necessary machine trials performed and upon receipt of formal quotations from the equipment suppliers; provided however that, in no event shall the Capital Expenditures exceed the amount set forth in Exhibit 2.1-B by more than […***…] percent ([…***…]%) unless otherwise mutually agreed by the Parties in writing.

2.3 Modifications. The Parties may modify and agree upon the definitive engineering approach, footprint of the Manufacturing Suite, or the Timeline, taking into account parameters such as the exact design of the space, space classifications, code requirements, Equipment, materials, personnel, waste stream process flows, equipment sizing and utility requirements. Any such modifications shall be discussed by the Parties and agreed to in writing including as to any consequential fees and costs or savings relating thereto, duly executed by the Parties.

2.4 Flexion's Responsibilities.

(a) To assist Patheon in its performance of the Transfer Services under this Agreement, Flexion shall (i) at its expense provide Patheon in a timely fashion with relevant information, documentation, and data relating to (1) Flexion's Manufacturing Process, (2) the Equipment necessary to Manufacture the Product in accordance with Flexion's Manufacturing Process, and (3) Product safety and information, documentation, and data, including any applicable NDA numbers, NDC codes, "CMC" sections of NDAs, validation protocols, validation reports, method validation protocols, method validation reports, and other documents necessary or reasonably requested by Patheon for Patheon to Manufacture the Product, provide the Transfer Services or otherwise necessary for Patheon's performance hereunder, and (ii) provide Flexion-Supplied Materials pursuant to Section 2.10. If requested by Patheon to provide support or information, Flexion shall use commercially reasonable efforts to provide such reasonable and necessary support or information in order to enable Patheon to perform the Transfer Services under this Agreement as soon as reasonably possible and in any event within […***…] business days of Patheon's request (or will provide an explanation of the legitimate reason for any delay and a projected date by which such support or information will be provided). In the event Flexion is to review or approve any information, documentation, data, or samples prepared or supplied by or on behalf of Patheon, it will complete such review and approval process as soon as reasonably possible and in any event within […***…] business days of Patheon's request.

(b) It is understood and acknowledged by the Parties that Flexion will retain ownership of the IND and NDA to the Product, and any supplements thereto, and is responsible for the NDA submission documents and all correspondence with the FDA and other competent Regulatory Authority concerning the Product, other than submission documents and correspondence associated with GMP inspections of the Facility; provided, however, that Section 2.9 of this Agreement and Sections 3.6 and 5.1 of the Manufacturing and Supply Agreement will govern the ownership of the intellectual property rights described or disclosed in such NDA and supplements.

(c) Flexion shall have the sole responsibility for the filing of all documents with all applicable Regulatory Authorities, and to take any other actions that may be required for the receipt of Regulatory Approval for the development or commercial manufacture of the Product (other than the licences, registrations and Regulatory Authority approvals to be obtained by Patheon pursuant to Section 3.3(b) of the Manufacturing and Supply

Agreement). Flexion will, at its expense and in cooperation with Patheon, use commercially reasonable efforts to diligently and proactively pursue Regulatory Approval for Patheon's Manufacture of the Product at the Facility in a timely fashion in accordance with the Timeline. Without limiting such obligation, Flexion shall be responsible for filing the NDA submission documents, drug listing the Product, and completing correspondence with the FDA concerning the Product. All documentation and data provided by Patheon in support of the NDA filing shall be accurate and true and will reflect the current processes and procedures in place at Patheon. Flexion shall provide Patheon with a copy of any Regulatory Approval relevant to this Agreement on request including any Regulatory Approval required for the storage, receipt or distribution of the Product by Flexion or its designee.

(d) Where documents or data generated by Patheon in relation to the Transfer Services are to be filed by Flexion with any Regulatory Authority and such filing includes data or information pertaining to a Patheon Regulatory Obligation within the meaning of Section 3.15 of the Manufacturing and Supply Agreement, prior to filing any such documents and data with the Regulatory Authority, Flexion shall provide Patheon with a copy of the documents incorporating such data so as to give Patheon the opportunity to review the accuracy of such documents as it relates to the Patheon Regulatory Obligation in accordance with the review and comment procedures set forth in Section 3.15 of the Manufacturing and Supply Agreement (including the process for resolution of inaccuracies set forth in Section 3.15(c) thereto). Notwithstanding anything in Section 3.15 of the Manufacturing and Supply Agreement to the contrary: (i) at least […***…] calendar days prior to filing with the Regulatory Authority any documentation which is or is equivalent to the Quality document portion (Drug Product section) of the U.S. Investigational New Drug application, the EU Clinical Trial application and Investigational Medicinal Product Dossier, the Common Technical Document module 3 (Drug Product section) of the US New Drug Application, U.S. Biological License Application, or the EU Marketing Authorization Application, as the case may be, Flexion shall provide Patheon with a copy of the Initial Draft (as defined in the Manufacturing and Supply Agreement) of such portion so as to permit Patheon to verify that the Initial Draft accurately describes the development and validation work Patheon has performed and the manufacturing and control processes that Patheon will perform pursuant to this Agreement; (ii) Patheon shall provide comments regarding such Initial Draft no later than […***…] days prior to the required filing date with the applicable Regulatory Authority (including notifying Flexion of any identified inaccuracies); and (iii) Flexion shall deliver a copy of the final version of the filing promptly after the required filing date.

2.5 Patheon's Responsibilities. Patheon will, at its expense, in consideration for the payments and reimbursements set forth in Section 2.2, provide the Transfer Services and use its commercially reasonable efforts to complete the Transfer Services in a timely fashion in accordance with the Timeline. Patheon will provide to Flexion all data and documentation necessary or reasonably useful to support Flexion's submissions to the FDA, or any responses to questions raised by the FDA with respect to those Transfer Services, that are necessary or reasonably useful for Regulatory Approval of the Facility as the manufacturing, testing, and packaging site for the Product.

2.6 Equipment. Patheon, acting as Flexion's agent, shall purchase the Flexion Manufacturing Equipment on Flexion's behalf. Title to all Flexion Manufacturing Equipment will be held by Flexion. The Parties shall procure, supply, install, commission and validate the Equipment in compliance with (a) Exhibit 2.1-F; (b) the capital requirements set forth in Exhibit 2.1-B and (c) the "Qualification and Validation" process set forth in Exhibit 2.1-C. Patheon is authorized to use the Flexion Manufacturing Equipment pursuant to Exhibit 2.1-F solely for the purposes of performing the Transfer Services and for the Manufacturing Services as set forth in the Manufacturing and Supply Agreement.

2.7 Flexion On Site Representatives; Reporting of Results; Project Managers; Steering Committee.

(a) Flexion shall have the right at all times throughout the Term to have […***…] representatives (or other number as reasonably requested by Flexion after discussion by the members of the Steering Committee) (each, a "Flexion On Site Representative") present in that portion of the Facility that is being constructed or used to Manufacture the Product or store Materials, to observe the procedures and processes used to Manufacture the Product or to perform the activities associated with the transfer of Flexion's Technology hereunder. The Flexion On Site Representatives shall have full access to the Manufacturing Suite and to the non-financial records that relate to the Product, and all records pertaining to any Materials and to Third Party invoices specifically invoiced by Patheon to Flexion as a Capital Expenditure or Bill Back Item. For the avoidance of doubt, the term "non-financial records" as used in this

Agreement does not include the Reports (defined in Section 3.11 of the Manufacturing and Supply Agreement). Patheon shall provide reasonable (semi-permanent) on-site accommodations at the Facility for the Flexion On Site Representatives (*e.g.*, office space). Flexion On Site Representatives shall be appropriately trained by Flexion (e.g. GMP training) and shall observe at all times Patheon's policies and procedures (as amended from time to time) as they pertain to the Facility, including policies relating to health and safety and compliance with GMP; provided that Flexion is given notice of such policies and given a reasonable period of time to review and implement such policies. Flexion will comply with all reasonable directions of Patheon in relation to the same. Patheon may refuse or limit in its sole discretion at any time admission to the Facility by any Flexion On Site Representative who fails to observe such policies or comply with such reasonable directions. For the avoidance of doubt, Flexion On Site Representatives shall have (i) no management authority over any Patheon employee and (ii) no authority to conclude contracts on behalf of Flexion.

(b) Patheon will respond to Flexion's inquiries regarding the status of the Transfer Services on an ongoing basis, and Patheon will endeavor to keep Flexion informed of interim results of the Transfer Services. Patheon will provide copies of all analytical, cleaning, and process validation protocols, data summaries, reports and all batch records, test methods, and specifications for Flexion's review, comment, and approval prior to implementation and execution. Once such protocols, data summaries, reports, records, methods, and specifications have been approved and executed, Patheon will provide copies to Flexion. Patheon will provide Flexion with information relating to the Equipment to be used in connection with the Manufacture of the Product, which Equipment will be subject to Flexion's review and approval (not to be unreasonably withheld or delayed). Within five (5) business days after Flexion's request, Patheon will provide to Flexion documentation that summarizes the implementation efforts of the Transfer Services at the Facility.

(c) Patheon and Flexion will each appoint a project manager (each, a "Project Manager" and, together, the "Project Managers"), who will meet as needed to resolve any issues or problems associated with the Transfer Services. Flexion's Project Manager may be one of the Flexion On Site Representatives. Flexion reserves the right to request replacement of any personnel assigned by Patheon to perform the Transfer Services hereunder. If Patheon disagrees with such request and the Parties cannot reach resolution on Flexion's request for replacement, such request will be discussed by the Steering Committee pursuant to the procedures set forth in Exhibit 2.7 hereto.

(d) Patheon shall ensure that sufficient numbers of adequately educated and experienced staff are retained at the Facility in order to provide the Transfer Services. Patheon shall perform the Transfer Services under the direction of key personnel of Patheon to a project for the duration of the project ("Key Personnel"). Key Personnel include the Project Manager, Operational Manager, Quality Manager or other personnel reasonably agreed-to by the Parties. Patheon shall provide information on the qualifications and background of all proposed Key Personnel prior to such Key Personnel's commencement of activities under this Agreement on Patheon's behalf. Patheon will not remove Key Personnel without Flexion's prior written consent (not to be unreasonably withheld, conditioned or delayed) except in the event of such Key Personnel's promotion, resignation, incapacity or death, or termination for cause. Patheon will use commercially reasonable efforts to minimize turnover in Key Personnel, and will provide […***…] business days' notice to Flexion, whenever practical, of any changes to the Key Personnel, at which point, both Parties shall discuss and reasonable agree on a suitable replacement.

(e) The Parties desire to establish a steering committee (the "Steering Committee") as described in Exhibit 2.7.

2.8 Dispute Resolution.

(a) The Parties recognize that disputes may arise from time to time during the term of this Agreement that relate to whether either Party has fulfilled its obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of such disputes arising under this Agreement in an expedient manner by mutual cooperation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Section 2.8 if and when a dispute arises under this Agreement.

(b) Unless otherwise specifically recited in the Agreement, disputes between the Parties under this Agreement will be first referred to the Project Manager of each Party as soon as reasonably possible after such dispute has arisen. If

the Project Managers are unable to resolve such a dispute within […***…] days of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the Steering Committee. If the Steering Committee is unable to resolve such a dispute within […***…] day of being requested by a Party to resolve such dispute, either Party may, by written notice to the other, have such dispute referred to the […***…] of each Party for attempted resolution by negotiations within […***…] days after such notice received.

2.9 Ownership. The Parties' intellectual property ownership rights relating to the subject matter of this Agreement shall be governed by ARTICLE V of the Manufacturing and Supply Agreement.

2.10 Materials. Patheon will purchase all Patheon-Supplied Materials (as defined in the Manufacturing and Supply Agreement) for the Transfer Services as set forth in Schedule 1.62 of the Manufacturing and Supply Agreement. Flexion shall purchase all Flexion-Supplied Materials (as defined in the Manufacturing and Supply Agreement) for the Transfer Services and ship such Flexion-Supplied Materials to Patheon in accordance with this Section 2.10 (except as otherwise mutually agreed to by the Parties in writing, in which case such Materials shall be considered Bill Back Items hereunder). All shipments from Flexion to Patheon will be made DDP (Incoterms 2010) the Facility unless otherwise agreed. All shipments of Flexion-Supplied Materials, if required, will be accompanied by Certificate(s) of Analysis from the Material manufacturer or Flexion, confirming its compliance with the Material's specifications. Flexion will obtain the proper release of the Flexion-Supplied Materials from the applicable customs agency and Regulatory Authority. Flexion or Flexion's designated broker will be the "Importer of Record" for Flexion-Supplied Materials imported to the Facility. Flexion-Supplied Materials will be held by Patheon on behalf of Flexion as set forth in this Agreement. Title to Flexion-supplied Materials will at all times remain the property of Flexion or a Flexion Affiliate. Any Flexion-Supplied Materials received by Patheon will only be used by Patheon to perform the Transfer Services or associated activities necessary to perform the Transfer Services (e.g., media fills or validation runs).

2.11 Bill Back Items. Bill Back Items will be charged to Flexion at Patheon's cost plus a […***…]% handling fee. Patheon shall invoice Flexion monthly for any Bill Back Items used in connection with the Transfer Services during the preceding month in accordance with ARTICLE IV of the Manufacturing and Supply Agreement. Patheon may only invoice Bill Back Items that have been quoted to and approved in writing by Flexion's Project Manager, or otherwise mutually agreed to by the parties in advance.

2.11A Additional Services. If Flexion is interested in having Patheon perform Additional Services, Flexion will provide Patheon with a written request containing sufficient detail to enable Patheon to provide Flexion with a quote and proposal to provide such Additional Services. Patheon may only invoice for Additional Services that have been quoted to and approved in writing by Flexion's Project Manager and that have been agreed in writing by the Parties in a Change of Scope Agreement. Patheon shall invoice Flexion monthly for any Additional Services performed by Patheon during the preceding month in accordance with ARTICLE IV of the Manufacturing and Supply Agreement.

2.12 Storage. Patheon will provide storage capacity to support storage of the required quantity of Materials necessary for Transfer Services which will be governed by Section 2.2(e) of the Manufacturing and Supply Agreement.

2.13 Shipping. Except to the extent set forth otherwise in this Agreement, any shipment from Patheon to Flexion, whether of Product, Materials or otherwise, shall be made pursuant to Section 2.3(e) of the Manufacturing and Supply Agreement.

2.14 Changes in Applicable Law. Should during the Term of this Agreement, a change or changes in Applicable Law lead to Patheon (a) providing services not originally contemplated by Patheon, or (b) incurring increased costs in order to comply with said change or changes, any such services or costs (to the extent pertaining to the Product or related to Flexion's Manufacturing Process or the Flexion Manufacturing Equipment) shall constitute an Additional Service subject to mutual written agreement of the Parties; provided that, if such services or costs relate generically to the entire Facility then such costs to Flexion shall be prorated as applicable.

2.15 Base Fees. Patheon will invoice Flexion monthly in advance for the Base Fees, and such Base Fees will be due and payable, in accordance with the provisions and invoicing procedures set forth in ARTICLE IV of the Manufacturing and Supply Agreement.

ARTICLE 3
CONFIDENTIALITY

3.1 Confidentiality Obligations. The Parties agree that the terms of ARTICLE VII of the Manufacturing and Supply Agreement shall govern the confidentiality obligations of the Parties and are incorporated herein by this reference.

ARTICLE 4
FLEXION'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

4.1 Commercially Reasonable Efforts. Except where specifically stated to the contrary in this Agreement otherwise, Flexion will use its commercially reasonable efforts to perform Flexion's obligations hereunder.

4.2 Additional Representations, Warranties, and Covenants of Flexion. Flexion warrants, represents, and covenants that as of the Effective Date the warranties, representations and covenants set out in Sections 6.4(a) of the Manufacturing and Supply Agreement shall apply to the performance of the Transfer Services.

ARTICLE 5
PATHEON'S REPRESENTATIONS, WARRANTIES, AND COVENANTS

Patheon represents, warrants, and covenants to Flexion as follows:

5.1 Commercially Reasonable Efforts. Except where specifically stated to the contrary in this Agreement otherwise, Patheon will use its commercially reasonable efforts to perform the Transfer Services in accordance with the agreed upon Timeline. In the event Patheon is not able to meet the Timeline, Patheon will provide written notice to Flexion of such inability as soon as practical, but in any event within […***…] of discovering such inability.

5.2 Qualified Personnel and Transfer Services. Patheon will engage and employ professionally qualified personnel to perform the Transfer Services contemplated hereunder. Patheon represents and warrants that there is no claim, suit, proceeding, or other investigation issued on Patheon, or to the knowledge of Patheon (after due inquiry), pending or threatened against Patheon, which is likely to prevent or materially adversely affect the rights and interests of Flexion hereunder or keep Patheon from performing its obligations hereunder.

5.3 Additional Representations, Warranties, and Covenants of Patheon. Patheon warrants, represents, and covenants that:

(a) (i) it has facilities, personnel, experience, and expertise sufficient in quality and quantity to perform the obligations hereunder, (ii) it shall so perform in conformity with GMPs where applicable, and (iii) its management shall establish, and Patheon shall observe and comply with, appropriate quality assurance, quality controls, and review procedures for implementation of the Transfer Services;

(b) it has at the Effective Date and shall during the Term observe and comply with, at (subject to Section 2.14) its sole cost and expense, all Applicable Laws now in force or that may hereafter be in force, including federal, state, and local laws, orders, regulations, rules, customs, and ordinances now in force or that may hereafter be in force pertaining to Patheon's performance of the Transfer Services and the Facility and including, without limitation, (i) labor laws, orders, regulations, rules, customs, and ordinances and (ii) those of the FDA pertaining to Patheon's performance of the Transfer Services and the Facility, and any laws, orders, regulations, rules, or ordinances issued in addition to, as a supplement to or as a replacement of Applicable Laws.

(c) none of it, its Affiliates, nor any Person under its direction or control has ever been, nor will it engage suppliers which have to its actual knowledge, after due inquiry, been, (i) debarred or convicted of a crime for which a person can be debarred, under Section 335(a) or 335(b) of the Act, or any equivalent Applicable Law of the country of Manufacture, (ii) threatened to be debarred under the Act or any equivalent Applicable Law of the country of Manufacture or (iii) indicted for a crime or otherwise (to its actual knowledge after due inquiry) engaged in conduct for which a person can be debarred under the FDA or any equivalent Applicable Law of the country of Manufacture, and Patheon agrees that it will, within […***…], notify Flexion in the event it receives notification of any such debarment, conviction, threat or indictment. Should Patheon become aware of any actual or suspected noncompliance with the foregoing, Patheon will notify Flexion in writing of such issue within […***…]. For the purpose of this Section 5.3, suppliers and subcontractors engaged by Patheon to undertake the Manufacture of the Product shall be deemed to be under Patheon's direction or control;

(d) none of it, its Affiliates, nor any Person under its direction or control is currently excluded from a federal or state health care program under Sections 1128 or 1156 of the Social Security Act, 42 U.S.C. §§ 1320a-7, 1320c-5 or any equivalent Applicable Law of the country of Manufacture, as may be amended or supplemented;

(e) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded from contracting with the U.S. federal government or the government of the country of Manufacture;

(f) none of it, its Affiliates, nor any Person under its direction or control is otherwise currently excluded, suspended, or debarred from any U.S. or foreign governmental program;

(g) it shall immediately notify Flexion if, at any time during the Term, Patheon, its Affiliates, or any Person under its direction or control is convicted of an offense that would subject it or Flexion to exclusion, suspension, or debarment from any U.S. or foreign governmental program; and

(h) it will not enter into any agreement or arrangement with any other Person that would prevent its ability to perform its obligations hereunder.

5.4 Legal Compliance. Section 6.6 of the Manufacturing and Supply Agreement shall apply to this Agreement and any violation thereof by Patheon or its employees, agents, or contractors in the performance of this Agreement shall constitute a material default for the purpose of Section 8.5 of this Agreement.

5.5 Disclaimer. THE FOREGOING EXPRESS WARRANTIES AND THOSE IN ARTICLE 4 and ARTICLE 6 ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT, AND ALL OTHER WARRANTIES ARE HEREBY DISCLAIMED AND EXCLUDED BY EACH PARTY.

ARTICLE 6
GENERAL REPRESENTATION AND WARRANTIES

Each Party represents, warrants, and covenants to the other as follows:

6.1 Power and Authorization. Such Party (a) is duly formed and in good standing under the laws of the jurisdiction of its formation, (b) has the power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (c) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder.

6.2 Enforceability. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid, and binding obligation of such Party and is enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other similar laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity. Except for the FDA's approval of Patheon's manufacturing, testing, and packaging for the Product from the Manufacturing Suite, all necessary

consents, approvals, and authorizations of all Regulatory Authorities, other governmental authorities, and other Persons required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

6.3 No Conflict. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not and will not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation, bylaws, limited partnership agreement, or other constituent document of such Party and (b) do not and will not conflict with, violate, or breach, or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

6.4 Compliance with Applicable Law. Each Party and its Affiliates, and their respective representatives, shall comply with all Applicable Laws in the performance of their obligations under this Agreement. Without limiting the foregoing, each Party and its Affiliates, and their respective representatives, shall comply with export control laws and regulations of the country of Manufacture and of the United States. Neither Party nor its Affiliates (or representatives) shall, directly or indirectly, without prior U.S. government authorization, export, re-export, or transfer the Product to any country subject to a U.S. trade embargo, to any resident or national of any country subject to a U.S. trade embargo, or to any person or entity listed on the "Entity List" or "Denied Persons List" maintained by the U.S. Department of Commerce or the list of "Specifically Designated Nationals and Blocked Persons" maintained by the U.S. Department of Treasury. In so far as the same applies to a Party or its Affiliates, each Party and its Affiliates and respective representatives shall comply with the requirements of the Foreign Corrupt Practices Act of 1977 (15 U.S.C. § 78dd-1, et seq.).

ARTICLE 7
INDEMNIFICATION

7.1 Indemnification by Flexion. Flexion will indemnify Patheon, its Affiliates, and their respective directors, officers, employees, and agents (the "Patheon Indemnified Parties"), and defend and save each of them harmless from and against any and all (i) Third Party Loss incurred by any of them in connection with, arising from, or occurring as a result of (a) any claim of personal injury or property damage to the extent that the injury or damage is the result of or arises other than from a breach of this Agreement by Patheon, (b) a claim that the Transfer Services performed by Patheon hereunder, in accordance with the terms and conditions of this Agreement, infringes or misappropriates a patent or any other intellectual property rights, if it is a claim related to the use of Flexion Manufacturing Equipment, Existing Flexion Intellectual Property (as defined in the Manufacturing and Supply Agreement), Flexion Improvements (as defined in the Manufacturing and Supply Agreement) or the Manufacturing Process or the Product, (c) any negligence or willful misconduct by Flexion or any of its Affiliates, or (d) any breach by Flexion of any of its obligations or any inaccuracy of any of Flexion's warranties under this Agreement, or (ii) any Loss incurred by any of them as a direct result of and to the extent of the negligence or willful misconduct of the Flexion On Site Representatives at the Facility, except, in each case, for those Losses for which Patheon has an obligation to indemnify the Flexion Indemnified Parties pursuant to Section 7.2 below, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Flexion will not be required to indemnify the Patheon Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused by any breach of contract, negligent act or omission, or intentional misconduct by Patheon or any or its Affiliates. For the avoidance of doubt, the parties acknowledge that Patheon has not and will not conduct any freedom to operate searches in relation to the Product and/or Flexion's Manufacturing Process nor reviewed any third party patents in relation thereto and that Patheon's failure or omission to do so will not be considered negligence for the purposes of excluding or limiting a claim under this indemnity.

7.2 Indemnification by Patheon. Patheon will indemnify Flexion, its Affiliates, and their respective directors, officers, employees, and agents (the "Flexion Indemnified Parties"), and defend and save each of them harmless from and against any and all Third Party Loss incurred by any of them in connection with, arising from, or occurring as a result of (a) any claim of personal injury or property damage to the extent that the injury or damage is the result of a failure by Patheon to perform the Transfer Services in accordance with the terms of this Agreement; (b) a claim that any Existing Patheon Intellectual Property (as defined in the Manufacturing and Supply Agreement) or other

intellectual property of Patheon employed by Patheon in providing the Transfer Services infringes or misappropriates a United States patent or any other intellectual property rights except to the extent such claim is based on the use of Existing Flexion Intellectual Property, Flexion Improvements, the Manufacturing Process or the Product in accordance with the terms and conditions of this Agreement, (c) any claim of personal injury or property damage to the extent that the injury or damage is the result of any negligence or willful misconduct by Patheon or any of its Affiliates, or (d) any claim of personal injury or property damage to the extent that the injury or damage is the result of any breach by Patheon of any of its obligations or any inaccuracy of any of Patheon's warranties under this Agreement; except, in each case, for those Losses for which Flexion has an obligation to indemnify the Patheon Indemnified Parties pursuant to Section 7.1 above, as to which Losses each Party shall indemnify the other to the extent of their respective liability for such Losses; and provided, however, that Patheon will not be required to indemnify the Flexion Indemnified Parties with respect to any such Loss hereunder to the extent the same is caused by any breach of contract, negligent act or omission, or intentional misconduct by Flexion or any or its Affiliates.

7.3 Indemnification Procedures.

(a) Notice of Claim. The indemnified Party (the "Indemnified Party") shall give the indemnifying Party (the "Indemnifying Party") prompt written notice (an "Indemnification Claim Notice") of any Loss, action, or discovery of facts upon which such Indemnified Party intends to base a request for indemnification under Section 7.1 or 7.2 (a "Claim"), but in no event shall the Indemnifying Party be liable for any Loss that results from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the Claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). The Indemnified Party shall furnish promptly to the Indemnifying Party copies of all papers and official documents received in respect of any Loss upon which it intends to seek indemnification.

(b) Control of Defense. At its option, the Indemnifying Party may assume the defense of any Claims by giving written notice to the Indemnified Party within […***…] days after the Indemnifying Party's receipt of an Indemnification Claim Notice; provided that the assumption of the defense of a Claim by the Indemnifying Party shall not be construed as an acknowledgment that the Indemnifying Party is liable to indemnify any Indemnified Party in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against any Indemnified Party's Claim. Upon assuming the defense of a Claim, the Indemnifying Party may appoint as lead counsel in the defense of such Claim any legal counsel selected by the Indemnifying Party. In the event the Indemnifying Party assumes the defense of a Claim, the Indemnified Party shall immediately deliver to the Indemnifying Party all original notices and documents (including court papers) received by any Indemnified Party in connection with the Claim. Subject to clause (c) below, if the Indemnifying Party assumes the defense of a Claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense, or settlement of such Claim. In the event that it is ultimately determined that the Indemnifying Party is not obliged to indemnify, defend, or hold harmless an Indemnified Party from and against any Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all costs and expenses (including reasonable attorneys' fees and costs of suit) and any Loss incurred by the Indemnifying Party in its defense of such Claim.

(c) Right to Participate in Defense. Without limiting Section 7.3(b), any Indemnified Party shall be entitled to participate in, but not control, the defense of a Claim and to employ counsel of its choice for such purpose; provided, however, that such employment shall be at the Indemnified Party's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 7.3(b) (in which case the Indemnified Party shall control the defense), or (iii) the interests of the Indemnified Party and the Indemnifying Party with respect to such Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules, or equitable principles.

(d) Settlement. With respect to any Loss relating solely to the payment of money damages in connection with a Claim and that will not result in the Indemnified Party's becoming subject to injunctive or other relief or otherwise adversely affect the business or reputation of the Indemnified Party in any manner, and as to which the Indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the

Indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Claims, where the Indemnifying Party has assumed the defense of the Claim in accordance with Section 7.3(b), the Indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement, or otherwise dispose of such Loss; provided that it obtains the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, agree to any settlement or acquiesce to any judgment with respect to a Claim that obligates the Indemnified Party to pay any amount subject to indemnification by the Indemnifying Party or causes the Indemnified Party to admit to any civil or criminal liability.

(e) Cooperation. If the Indemnifying Party chooses to defend or prosecute any Claim, the Indemnified Party shall cooperate in the defense or prosecution thereof and shall, at the Indemnifying Party's expense, furnish such records, information, and testimony, provide such witnesses, and attend such conferences, discovery proceedings, hearings, trials, and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of records and information that are reasonably relevant to such Claim, and making employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party shall reimburse the Indemnified Party for all its reasonable time and out-of-pocket expenses in connection therewith.

(f) Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Claim shall be reimbursed on a monthly basis in arrears by the Indemnifying Party, without prejudice to the Indemnifying Party's right to, contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obliged to indemnify the Indemnified Party.

7.4 Limitation of Liability.

(a) SUBJECT TO SECTION 7.4(b) BELOW, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR (I) ANY (DIRECT OR INDIRECT) LOSS OF PROFITS, OF PRODUCTION, OF ANTICIPATED SAVINGS, OF BUSINESS, OF GOODWILL OR OF USE OF THE PRODUCT OR COSTS OF ANY SUBSTITUTE SERVICES OR (II) FOR ANY OTHER LIABILITY, DAMAGE, COST OR EXPENSE OF ANY KIND INCURRED BY THE OTHER PARTY OF AN INDIRECT OR CONSEQUENTIAL NATURE, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF THE DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS PARAGRAPH IS INTENDED TO LIMIT OR RESTRICT THE DAMAGES AVAILABLE FOR BREACHES OF CONFIDENTIALITY OBLIGATIONS IN ARTICLE 3.

(b) Nothing in this Agreement is intended to limit either Party's liability for: (i) death or personal injury caused by its negligence; or (ii) fraud or fraudulent misrepresentation.

(c) If any part of the Transfer Services provided or procured by Patheon is not materially performed in accordance with the terms of this Agreement, then Flexion's sole remedy whether in contract, tort, equity or otherwise (in addition to those expressly set forth in ARTICLE 8) will be for Patheon to repeat that part of the Transfer Service at Patheon's cost (provided that where the Transfer Services to be repeated requires Flexion-Supplied Materials, Flexion will provide such Flexion-Supplied Materials and Patheon shall reimburse Flexion for the actual costs for such Flexion-Supplied Materials, including associated shipment costs); provided that, (i) Patheon shall only be liable to reimburse the costs of any Flexion-Supplied Materials and associated shipment costs […***…], and (ii) Patheon's aggregate liability in each calendar year (liability cap to be pro-rated for partial calendar years) to reimburse the costs of any Flexion-Supplied Materials shall not exceed […***…]% of the […***…] received by Patheon in the […***…] period prior to the month in which the underlying event occurred that gave rise to the liability (e.g. the date of the incident or manufacture) up to a maximum of £[…***…]. Patheon shall not be liable to reimburse the cost of any Flexion-Supplied Materials under any other circumstances.

7.5 Insurance. During the Term and for […***…] thereafter, each Party shall procure and maintain at its own expense from a qualified and licensed insurer liability insurance or indemnity policies, in an amount not less than $[…***…] in the aggregate with respect to public and products liability, subject to such deductible or self-retention limits as either Party in its business discretion may elect. Such policies shall insure against liability on the part of each Party and any of its Affiliates, as their interests may appear, due to injury, disability, or death of any person or persons, or injury to property, arising from the distribution of the Products. Each Party will either (a) include the other Party and its officers, employees and consultants as additional insureds on such policies, or (b) ensure that such policy contains an indemnity to principal clause. Promptly following the execution of this Agreement, each Party shall provide to the other a certificate of insurance (i) summarizing the insurance coverage and (ii) identifying any exclusions. Each Party shall promptly notify the other of any material adverse alterations to the terms of this policy or decreases in the amounts for which insurance is provided.

ARTICLE 8
TERM AND TERMINATION

8.1 Term. This Agreement will remain in full force and effect unless and until it expires or is terminated in accordance with the provisions of this ARTICLE 8 (the "Term").

8.2 Expiration. This Agreement will expire upon completion of the Transfer Services as described herein or until the Parties agree that the Transfer Services have been completed (the "Completion of the Tech Transfer").

8.3 Termination by Flexion. Flexion may terminate this Agreement in its entirety (a) prior to the FDA Approval Date by giving Patheon ninety (90) days' written notice for convenience, in which case, Section 8.11(f) shall apply, or (b) by giving Patheon thirty (30) days written notice if Patheon (due primarily to its acts or omissions) fails to complete Manufacturing Suite construction by the date stated in the Timeline and due solely to such failure, Patheon has not Manufactured registration batches in the Manufacturing Suite by […***…].

8.4 Termination by Mutual Agreement. This Agreement may be terminated at any time upon mutual written agreement between the Parties.

8.5 Termination for Default. Each Party will have the right to terminate this Agreement at any time upon written notice to the other Party, if such other Party (a) breaches any of the representations, warranties, covenants, or agreements set forth in this Agreement or (b) otherwise defaults in the performance of any of its duties or obligations under this Agreement, which in either case has a material effect on the other Party, and which breach or default is not cured within ninety (90) days after written notice is given to the breaching Party specifying the breach or default ("Remediation Period"). The aggrieved Party's right to terminate this Agreement for a particular breach under this Section 8.5 may only be exercised for a period of one hundred and twenty (120) days following the expiry of the Remediation Period (where the breach has not been remedied) and, if the termination right is not exercised during this period, then the aggrieved Party will be deemed to have waived its right to terminate this Agreement for such breach.

8.6 Bankruptcy; Insolvency. To the extent permitted by law, each Party will have the right to terminate this Agreement immediately upon notice to the other Party, if the other Party shall file in any court or agency, pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for arrangement or for the appointment of a receiver or trustee of the other Party or of its assets, or if the other Party proposes a written agreement of composition or extension of its debts, or if the other Party shall be served with an involuntary petition against it, filed in any insolvency proceeding, and such petition shall not be dismissed within sixty (60) days after the filing thereof, or if the other Party shall propose or be a party to any dissolution or liquidation, or if the other Party shall make an assignment for the benefit of its creditors.

8.7 Cross Termination. Should either Flexion or Patheon exercise its right to terminate this Agreement or the Manufacturing and Supply Agreement in its entirety (but not in the event of an expiration of this Agreement as set

forth in Section 8.2) prior to the FDA Approval Date, then the Manufacturing and Supply Agreement, this Agreement and the Quality Agreement will concurrently and automatically terminate.

8.8 No Release. Neither the termination nor expiration of this Agreement will release or operate to discharge either Party from any liability or obligation that may have accrued prior to such termination or expiration, including any obligation to pay to the other Party any amounts accrued under this Agreement with respect to the period prior to the effective date of such expiration or termination. Except as otherwise expressly provided herein, termination of this Agreement in accordance with the provisions hereof will not limit remedies that may otherwise be available in law or equity.

8.9 Obligations. Notwithstanding the giving of any notice of termination pursuant to this ARTICLE 8, each Party will continue to fulfill its obligations under this Agreement at all times until the effective date of any such termination or expiration.

8.10 Survival. The expiration or termination of this Agreement shall be without prejudice to any rights or obligations of the Parties that may have accrued prior to such termination, and the provisions of Sections 2.2 (as it may relate to any unpaid amounts due and owing), 2.6 (as it may relate to the use to which Patheon may put the Flexion Manufacturing Equipment), 2.8, 2.9 and ARTICLE 1, ARTICLE 3, ARTICLE 7, ARTICLE 8, and ARTICLE 9 shall survive the expiration or termination of this Agreement.

8.11 Rights and Duties Upon Termination.

(a) Upon termination of this Agreement, Patheon will, as promptly as practicable, (i) cease work on the Transfer Services, and (ii) make available for collection by Flexion, […***…] (Incoterms 2010) the Facility, all Materials and results and information resulting from the Transfer Services (whether in written or electronic form) that are then in Patheon's or its subcontractors' possession and that are the property of Flexion in accordance with Section 2.9 of this Agreement, including all Flexion Proprietary Information. Flexion shall return to Patheon all Patheon Proprietary Information.

(b) Upon termination of this Agreement, Flexion will (i) pay all earned but unpaid fees and charges for the Transfer Services, including Material Costs, Capital Expenditures, Bill Back Items, Additional Services, Base Fees (through the month of such termination) to reflect Transfer Services performed as of the date of such termination by Patheon; and (ii) pay all due and outstanding invoices in accordance with ARTICLE IV of the Manufacturing and Supply Agreement, including those for Bill Back Items or Additional Services performed as of the date of such expiration and termination; provided that, the Parties agree that if any fees or charges are duplicated under Section 8.3 of the Manufacturing and Supply Agreement, Flexion shall only be obligated to make such payment once.

(c) Upon termination of this Agreement, Flexion will pay to Patheon all and any removal and Make Good Costs associated with the removal of the Flexion Manufacturing Equipment from the Facility as agreed to in good faith by the Parties in writing. "Make Good Costs" means the reasonable costs required to repair the Facility and return it to a clean, safe and useable area based on the repair of damage caused by the installation or removal of Flexion Manufacturing Equipment.

(d) Upon termination of this Agreement prior to termination of the Manufacturing and Supply Agreement, Flexion will, as promptly as practicable, pay to Patheon the Manufacturing Services Termination Costs pursuant to the provisions of Sections 8.3(f) and 8.3(g) of the Manufacturing and Supply Agreement to the extent applicable to this Agreement or the Transfer Services.

(e) Upon termination of this Agreement, in the event that Patheon will not be Manufacturing the Product for Flexion pursuant to the Manufacturing and Supply Agreement, Flexion shall remove all Flexion Manufacturing Equipment and Materials from the Facility within […***…] days of said termination under all sections other than Section 8.5 and within […***…] days […***…] of a termination by Flexion pursuant to Section 8.5 that is not reasonably disputed by Patheon, failing which Flexion will pay a fee equivalent to the aggregate monthly Base Fee for each month or part month the Flexion Manufacturing Equipment or Materials remain at the Facility post-termination.

(f) Upon termination of this Agreement by Flexion pursuant to Section 8.3(a), in addition to any other obligation of Flexion under Section 8.11, Flexion shall also pay Patheon compensation of £1,300,000 (one million, three hundred thousand British Pounds). The Parties confirm that this sum represents a genuine pre-estimate of Patheon's loss in such circumstances.

ARTICLE 9
MISCELLANEOUS

9.1 Notices. Notwithstanding that advance notification of any notices or other communications may be given by electronic mail transmission, all notices or other communications that shall or may be given pursuant to this Agreement shall be in writing (including by confirmed receipt electronic mail) and shall be deemed to be effective (a) when delivered if sent by registered or certified mail, return receipt requested, or (b) on the next business day, if sent by overnight courier, (c) when sent if sent by electronic mail provided that receipt is confirmed, in each case to the Parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid.

If to Flexion:

Flexion Therapeutics, Inc.
Attn: Michael Clayman, MD
Telephone: […***…]
Email: […***…]

With a copy to: Legal

If to Patheon:

Attention:

Executive Director & General Manager
Patheon UK Limited
Kingfisher Drive, Covingham
Swindon, Wiltshire SN3 5BZ
England
Email: […***…]

with copy to Legal Director.

9.2 Force Majeure. Neither Party shall be liable for delay in delivery, performance or nonperformance, in whole or in part, nor shall the other Party have the right to terminate this Agreement except as otherwise specifically provided in this Section 9.2 where such delay in delivery, performance or nonperformance results from acts beyond the reasonable control and without the fault or negligence of such Party including, but not limited to, the following conditions: fires, floods, storms, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorism, insurrections, riots, civil commotion, or acts, omissions, or delays in acting by any governmental authority; provided that the Party affected by such a condition shall, within five (5) days of its occurrence, give notice to the other Party stating the nature of the condition, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is reasonably required, and the nonperforming Party shall use its commercially reasonable efforts to remedy its inability to perform; provided, however, that in the event the suspension of performance continues for […***…] days after the date of the occurrence, and such failure to perform would constitute a material breach of this Agreement in the absence of such force majeure event, the non-affected Party may terminate this Agreement immediately by written notice to the affected Party.

9.3 Independent Contractor. The Parties to this Agreement are independent contractors. Nothing contained in this Agreement will be construed to place the Parties in the relationship of employer and employee, partners, principal,

and agent or a joint venture. Neither Party will have the power to bind or obligate the other Party nor will either Party hold itself out as having such authority.

9.4 Waiver. Save where expressly stated to the contrary in this Agreement, no waiver by either Party of any provision or breach of this Agreement will constitute a waiver by such Party of any other provision or breach, and no such waiver will be effective unless made in writing and signed by an authorized representative of the Party against whom waiver is sought. No course of conduct or dealing between the Parties will act as a modification or waiver of any provision of this Agreement. Either Party's consent to or approval of any act of the other Party will not be deemed to render unnecessary the obtaining of that Party's consent to or approval of any subsequent act by the other Party.

9.5 Entire Agreement. This Agreement (together with all Exhibits hereto, which are hereby incorporated by reference), the Manufacturing and Supply Agreement and the Quality Agreement, constitute the final, complete, and exclusive agreement between the Parties relating to the subject matter hereof and supersede all prior conversations, understandings, promises, and agreements relating to the subject matter hereof, including without limitation that (i) certain Confidentiality Agreement dated September 22, 2014 between Flexion and Patheon and the Letter Agreement between the Parties dated 1 May 2015, and (ii) that certain Patheon Partner External User Account/Access Form, Client Agreement and Authorization signed by Flexion on June 5, 2015. Neither Party has relied upon any communication, representation, term, or promise, verbal or written, not set forth herein.

9.6 Assignment; Change of Control.

This Agreement may not be assigned by Patheon without the prior written consent of Flexion. Notwithstanding the foregoing, either Party may assign this Agreement to an Affiliate or to an acquirer or successor in interest in connection with a Change of Control of such Party without the prior written consent of the other Party, provided that such Party provides the other Party with written notice of any such assignment. This Agreement shall be binding upon and inure to the benefit of Flexion and Patheon and their respective successors, heirs, executors, administrators, and permitted assigns. "Change of Control" means the closing of (a) a merger, consolidation or similar transaction providing for the acquisition of the direct or indirect ownership of more than fifty percent (50%) of a Party's shares or similar equity interests or voting power of the outstanding voting securities or that represents the power to direct the management and policies of such Party (including any acquisition arising through the offering of any shares of Patheon or any of its Affiliates on any securities or stock exchange), or (b) the sale of all or substantially all of a Party's assets related to the subject matter of the Agreement.

9.7 Amendment; Modification. This Agreement may not be amended, modified, altered, or supplemented except by a writing signed by both Parties. No modification of any nature to this Agreement and no representation, agreement, arrangement, or other communication will be binding on the Parties unless such is expressly contained in writing and executed by the Parties as an amendment to this Agreement. This Agreement may not be amended in any respect by any purchase order, invoice, acknowledgment, or other similar printed document issued by either Party.

9.8 Subcontractors. Prior to subcontracting any of Patheon's obligations hereunder, Patheon will notify Flexion (1) in advance of engaging a proposed subcontractor that directly relates to the Manufacture of the Product and will obtain Flexion's prior written approval of each such subcontractor, and (2) within six (6) months of all other subcontractors so engaged. The terms of any subcontract will be in writing and will not be materially inconsistent with this Agreement or the Manufacturing and Supply Agreement, including Section 3.14 of the Manufacturing and Supply Agreement. No subcontracting will release Patheon from its responsibility for its obligations under this Agreement. Patheon will be responsible for the work and activities of each subcontractor as they relate to performance of Patheon's obligations under this Agreement, including compliance with the terms of this Agreement.

9.9 Governing Law.

(a) The laws of […***…], whether procedural or substantive (but excluding application of any choice of law provisions contained therein) shall apply to all matters pertaining only to (a) title to and ownership of Materials, Equipment or the Facility, and its appurtenances including, without limitation, all rights therein and the creation,

exercise and extinction of such rights, obligations and liabilities or (b) employment law matters. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the […***…] Courts. For the avoidance of doubt, the Parties agree that nothing in this Agreement shall (i) grant Flexion any property ownership rights in the Facility or (ii) shall constitute a lease to the Facility.

(b) In all other respects, this Agreement shall be construed under and governed by the laws of […***…] without regard to the application of principles of conflicts of law. In relation to such matters, both Parties shall submit to the exclusive jurisdiction of the […***…].

(c) Any preliminary issue over which of sub-section 9.9(a) or (b) applies to a particular claim or dispute shall be determined in accordance with provisions of 9.9(a).

(d) The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods, if applicable.

9.10 Severability. If any provision of this Agreement is found by a proper authority to be unenforceable, that provision to the extent it is found to be unenforceable or invalid will be severed and the remainder of the provision and this Agreement will continue in full force and effect. The Parties shall use their best efforts to agree upon a valid and enforceable provision as a substitute for any invalid or unenforceable provision, taking in to account the Parties' original intent of this Agreement.

9.11 Construction. Unless the context of this Agreement otherwise requires: (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby," and derivative or similar words refer to this entire Agreement; (d) the terms "Article," "Section," "Exhibit," or "clause" refer to the specified Article, Section, Exhibit, or clause of this Agreement; (e) "or" is disjunctive but not necessarily exclusive; and (f) the term "including" or "includes" means "including without limitation" or "includes without limitation." Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business days are specified. The captions and headings of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The language of this Agreement will be deemed to be the language mutually chosen by the Parties, and no rule of strict construction will be applied against either Party hereto.

9.12 Third Party Beneficiaries. This Agreement is not intended to confer upon any non-party any right or remedy hereunder, except as may be received or created as part of a valid assignment.

9.13 Further Assurances. Each of the Parties agrees to duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such additional assignments, agreements, documents, and instruments, that may be necessary or as the other Party hereto may at any time and from time to time reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes of, or to better assure and confirm unto such other Party its rights and remedies under, this Agreement.

9.14 Counterparts. This Agreement may be signed in counterparts, each and every one of which will be deemed an original. Facsimile or PDF signatures will be treated as original signatures.

9.15 Taxes.

(a) Subject to (b) and (c) below, Patheon will bear all Taxes however designated as a result of the provision of the Transfer Services under this Agreement.

(b) Flexion acknowledges that it will be responsible for all Taxes that arise in respect of the following:

(i) The acquisition of the Flexion-Supplied Materials.

(ii) The acquisition of the Flexion Manufacturing Equipment.

(c) Any payment due under this Agreement for the provision of Transfer Services to Flexion by Patheon is exclusive of value added or equivalent tax in any other jurisdiction, including any related interest and penalties (hereinafter all referred to as "VAT"). If any VAT is payable on a Transfer Service supplied by Patheon to Flexion under this Agreement, this VAT will be added to the invoice amount and will be for the account of (and reimbursable to Patheon by) Flexion. Where applicable, Patheon will use its reasonable commercial efforts to ensure that its invoices to Flexion are issued in such a way that these invoices meet the requirements for deduction of input VAT by Flexion, to the extent permitted by law to do so.

(d) Flexion acknowledges that all amounts due in respect of any fees payable by Flexion under this Agreement shall be paid in full without any set-off, counterclaim, deduction or withholding in respect of any Tax liabilities.

The remainder of this page is left blank intentionally.

IN WITNESS WHEREOF, this Technical Transfer and Service Agreement has been executed by the Parties hereto as of the day and year first written above.

PATHEON UK LIMITED:		**FLEXION THERAPEUTICS, INC.**:	
By:	/s/ A.M. Botterill	By:	/s/ Michael D. Clayman, M.D.
Name:	A.M. Botterill	Name:	Michael D. Clayman, M.D.
Title:	Exec. Dir. & Gen. Manager	Title:	CEO

Exhibit 2.1-A

[…***…]

Exhibit 2.1-B

[…***…]

Exhibit 2.1-C

[…***…]

Exhibit 2.1-D

[…***…]

Exhibit 2.1-E

[…***…]

Exhibit 2.1-F

[…***…]

Exhibit 2.7

Steering Committee

1. Generally. The purpose of the Steering Committee shall be to oversee the Technical Transfer and Service Agreement, the Manufacturing and Supply Agreement and the Quality Agreement (the "Agreements") and to facilitate communications between the Parties with respect thereto. The Steering Committee shall have the responsibilities and authority allocated to it in this Exhibit 2.7. The Steering Committee shall have the obligation to exercise its authority consistent with the respective purpose for the Steering Committee as stated herein and any such decisions shall be made in good faith.

2 Formation and Purpose. Promptly following the Effective Date, the Parties shall confer and then create a Steering Committee. The Steering Committee shall have authority, subject to Paragraph 5, to oversee the priorities and budgets (not less than on a quarterly basis), to oversee manufacturing and controls for the Products, to review and approve all associated regulatory filings and correspondence under the Agreements (including reviewing and approving itemized budgets with respect to the foregoing), to approve the projects and plans of any subcommittee it establishes consistent with this authority and to review any concerns either Party may have concerning key employees employed by the Parties to provide the Transfer Services under the Technical Transfer Agreement and the Services under the Manufacturing and Supply Agreement.

3 General Steering Committee Membership and Procedure.

(a) Membership. Each Party shall designate an equal number of representatives (not to exceed three (3) for each Party) to the Steering Committee with appropriate expertise to serve as members of the Steering Committee. The Steering Committee representatives must all be employees of such Party or an Affiliate of such Party, with the caveat that each Party may designate for the Steering Committee up to one (1) representative who is not an employee if: (i) such non-employee representative agrees in writing to be bound to the terms of this Agreement for the treatment and ownership of confidential information of the Parties, and (ii) the other Party consents to the designation of such non-employee representative, which consent shall not be unreasonably withheld. Each Party may replace its Steering Committee representatives at any time upon written notice to the other Party. The Steering Committee shall have a chairperson which shall be appointed by Flexion. The chairperson of the Steering Committee shall be responsible for calling meetings, preparing and circulating an agenda in advance of each meeting of the Steering Committee, and preparing and issuing minutes of each meeting within fifteen (15) days thereafter.

(b) Meetings. The Steering Committee shall be constituted and the first meeting of the Steering Committee shall be held within sixty (60) days following the Effective Date, with the Steering Committee considering finalization and approval of workplans prepared by the Parties for inclusion and commencement under the Agreements. Otherwise, the Steering Committee shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than once every six (6) months. Meetings of the Steering Committee may be held in person or by means of telecommunication (telephone, video, or web conferences). To the extent that the Steering Committee holds any meetings in person, the Parties will alternate in designating the location for such in-person meetings, with Flexion selecting the first meeting location for the Steering Committee. A reasonable number of additional representatives of a Party may attend meetings of the Steering Committee in a non-voting capacity. Each Party shall be responsible for all of its own expenses of participating in the Steering Committee.

(c) Meeting Agendas. Each Party will disclose to the other proposed agenda items along with appropriate information at least three (3) business days in advance of each meeting of the Steering Committee; provided, that a Party may provide its agenda items to the other Party within a lesser period of time in advance of the meeting, or may propose that there not be a specific agenda for a particular meeting, so long as such other Party consents to such later addition of such agenda items or the absence of a specific agenda for the Steering Committee meeting.

(d) Limitations of Steering Committee Powers. The Steering Committee shall have only such powers as are specifically delegated to it hereunder or from time to time as agreed to in writing by the mutual consent of the Parties and shall not be a substitute for the rights of the Parties. Without limiting the generality of the foregoing, the Steering Committee shall not have any power to amend the Agreements. Any amendment to the terms and conditions of this Agreement shall be implemented pursuant to Section 9.7 above. Additionally, no member of the Steering Committee shall be able to vote in the Steering Committee and thereby bind its respective Party on any material matter except as otherwise properly authorized, approved, or delegated by such Party in accord with Paragraph 5.

4 Restrictions. Neither Party shall exercise its right to finally resolve a dispute at the Steering Committee in accordance with this Paragraph 4 in a manner that (i) excuses such Party from any of its obligations specifically enumerated under this Agreement; (ii) expands the obligations of the other Party under this Agreement; (iii) negates any consent rights or other rights specifically allocated to the other Party under this Agreement; (iv) purports to resolve any dispute involving the breach or alleged breach of this Agreement; (v) resolves a matter if the provisions of this Agreement specify that mutual agreement is required for such matter; or (vi) would require the other Party to perform any act that is inconsistent with applicable law.

5 Authorization of Steering Committee Representatives. Each representative serving on the Steering Committee shall be responsible for ensuring that he or she acts only as duly authorized by its respective Party and obtains any advance approvals, delegations, or other authorizations from his or her respective Party in advance of making any Steering Committee votes.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM IF PUBLICLY DISCLOSED.

AMENDMENT AGREEMENT

First Amendment to the Technical Transfer and Service Agreement

This Amendment Agreement (this "**Amendment Agreement**") is between Flexion Therapeutics, Inc., having its principal office at 10 Mall Road, Burlington MA, USA ("Flexion") and Patheon UK Limited, having a principal place of business at Kingfisher Drive, Covingham, Swindon, Wiltshire SN35BZ, United Kingdom ("**Patheon**") (collectively, "**Parties**"; individually, "**Party**"). This Amendment Agreement is dated 8 May 2019 (the "**Amendment Effective Date**").

WHEREAS, Flexion and Patheon entered into a Technical Transfer and Service Agreement ("**Technical Transfer Agreement**") on 31 July 2015, pursuant to which Patheon provides certain technical transfer and construction services in order to validate and scale up portions of Flexion's technology package and prepare Patheon's facilities for the manufacture of Flexion's FX006 drug product (ZILRETTA) (an extended-release formulation of triamcinolone acetonide).

WHEREAS, the Parties have agreed to initiate construction of the area referred to as the Phase III manufacturing suite at Patheon's facility and to incur certain capital expenditures to facilitate the manufacture of Flexion's product in this manufacturing suite.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements set forth below and in the Technical Transfer Agreement, and for other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties hereto, intending to be legally bound, do hereby agree as follows:

1.Definitions

Defined terms in this Amendment Agreement shall have the same meaning as those in the Technical Transfer Agreement as applicable unless otherwise indicated.

2.Amendments

The Technical Transfer Agreement shall be amended such that the following Paragraphs or parts of the Exhibits to the Technical Transfer Agreement shall be replaced as set out in the Schedules attached to this Amendment Agreement.

[***]

3.Effectiveness of Amendments

The amendments to the Technical Transfer Agreement set forth herein shall be effective as of the Amendment Effective Date.

4.Integration

Except for the sections of the Technical Transfer Agreement specifically amended hereunder, all terms and conditions of the Technical Transfer Agreement remain and shall remain in full force and effect. This Amendment Agreement shall hereafter be incorporated into and deemed part of the Technical Transfer Agreement and any future reference to the Technical Transfer Agreement shall include the terms and conditions of this Amendment Agreement.

5.Governing Law and Jurisdiction

This Amendment Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws that govern the Technical Transfer Agreement, and the Parties submit to the jurisdiction and dispute resolution provisions as set forth in the Technical Transfer Agreement.

IN WITNESS WHEREOF, the Parties have caused this Amendment Agreement to be executed by their duly authorized representatives, effective as of the date of the last signature.

FLEXION THERAPEUTICS, INC.	**PATHEON UK LTD.**
/s/ Michael D. Clayman, M.D.	/s/ Luca Andretta
Signature	Signature
Michael D. Clayman, M.D.	Luca Andretta
Name	Name
CEO	Director
Title	Title
May 9, 2019	May 12, 2019
Date	Date

Schedule 1 of the Amendment Agreement

[***]

Schedule 2 of the Amendment Agreement

[***]

Schedule 3 of the Amendment Agreement

[***]

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

The following is a complete listing of the subsidiaries of Pacira BioSciences, Inc., a Delaware corporation:

	Jurisdiction of Incorporation
Domestic Subsidiaries	
Pacira Pharmaceuticals, Inc.	California
Pacira CryoTech, Inc.	Delaware
Pacira Pharmaceuticals International, Inc.	Delaware
Pacira Therapeutics, Inc.	Delaware
International Subsidiaries	
Pacira Belgium GmbH	Belgium
Pacira Germany GmbH	Germany
Pacira Ireland Limited	Ireland
Pacira Limited	United Kingdom

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements listed below of our report dated February 26, 2026, with respect to the consolidated financial statements of Pacira BioSciences, Inc. and subsidiaries and the effectiveness of internal control over financial reporting.

- Registration Statement No. 333-175101 (Form S-8)
- Registration Statement No. 333-181986 (Form S-8)
- Registration Statement No. 333-196542 (Form S-8)
- Registration Statement No. 333-212098 (Form S-8)
- Registration Statement No. 333-233141 (Form S-8)
- Registration Statement No. 333-258410 (Form S-8)
- Registration Statement No. 333-266532 (Form S-8)
- Registration Statement No. 333-273613 (Form S-8)
- Registration Statement No. 333-277556 (Form S-8)
- Registration Statement No. 333-285365 (Form S-8)
- Registration Statement No. 333-289271 (Form S-8)

KPMG LLP

Short Hills, New Jersey
February 26, 2026

Exhibit 31.1

CERTIFICATION

I, Frank D. Lee, certify that:

1. I have reviewed this annual report on Form 10-K of Pacira BioSciences, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 26, 2026

/s/ FRANK D. LEE

Frank D. Lee
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Shawn M. Cross, certify that:

1. I have reviewed this annual report on Form 10-K of Pacira BioSciences, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 26, 2026 /s/ SHAWN M. CROSS

Shawn M. Cross
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this Annual Report on Form 10-K of Pacira BioSciences, Inc. for the year ended December 31, 2025, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Pacira BioSciences, Inc. at the dates and for the periods indicated.

Date: February 26, 2026 /s/ FRANK D. LEE

Frank D. Lee
Chief Executive Officer and Director
(Principal Executive Officer)

Date: February 26, 2026 /s/ SHAWN M. CROSS

Shawn M. Cross
Chief Financial Officer
(Principal Financial Officer)