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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2020

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.)

5 Sylvan Way, Suite 300
Parsippany, New Jersey, 07054
(Address and Zip Code of Principal Executive Offices)
(973) 254-3560
(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

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, 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of May 3, 2020, 42,120,749 shares of the registrant’s common stock, $0.001 par value per share, were outstanding.

PACIRA BIOSCIENCES, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2020

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PART I — FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS (Unaudited)***

PACIRA BIOSCIENCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)
(Unaudited)

ASSETS	**March 31, 2020**	**December 31, 2019**
Current assets:		
Cash and cash equivalents	$ 54,589	$ 78,228
Short-term investments	263,875	213,722
Accounts receivable, net	38,988	47,530
Inventories, net	59,666	58,296
Prepaid expenses and other current assets	14,476	10,781
Total current assets	431,594	408,557
Long-term investments	35,120	64,798
Fixed assets, net	108,105	104,681
Right-of-use assets, net	37,613	38,124
Goodwill	99,547	99,547
Intangible assets, net	102,421	104,387
Equity investment and other assets	6,979	10,971
Total assets	$ 821,379	$ 831,065
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 15,850	$ 12,799
Accrued expenses	44,717	70,427
Lease liabilities	3,968	4,935
Contingent consideration	14,041	18,179
Income taxes payable	1,737	1,333
Total current liabilities	80,313	107,673
Convertible senior notes	310,078	306,045
Lease liabilities	40,189	40,938
Contingent consideration	15,227	19,963
Other liabilities	1,535	1,502
Total liabilities	447,342	476,121
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock, par value $0.001; 5,000,000 shares authorized; none issued and outstanding at March 31, 2020 and December 31, 2019	—	—
Common stock, par value $0.001; 250,000,000 shares authorized; 42,116,545 shares issued and outstanding at March 31, 2020; 41,908,148 shares issued and outstanding at December 31, 2019	42	42
Additional paid-in capital	766,280	753,978
Accumulated deficit	(391,239)	(399,398)
Accumulated other comprehensive income (loss)	(1,046)	322
Total stockholders' equity	374,037	354,944
Total liabilities and stockholders' equity	$ 821,379	$ 831,065

See accompanying condensed notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Revenues:		
Net product sales	$ 104,745	$ 90,906
Royalty revenue	939	407
Total revenues	105,684	91,313
Operating expenses:		
Cost of goods sold	29,732	27,303
Research and development	15,819	14,384
Selling, general and administrative	44,780	47,305
Amortization of acquired intangible assets	1,967	—
Acquisition-related (gains) charges and product discontinuation, net	(3,708)	1,242
Total operating expenses	88,590	90,234
Income from operations	17,094	1,079
Other (expense) income:		
Interest income	1,589	2,156
Interest expense	(6,022)	(5,814)
Other, net	(4,104)	61
Total other expense, net	(8,537)	(3,597)
Income (loss) before income taxes	8,557	(2,518)
Income tax expense	(398)	(253)
Net income (loss)	$ 8,159	$ (2,771)
Net income (loss) per share:		
Basic and diluted net income (loss) per common share	$ 0.19	$ (0.07)
Weighted average common shares outstanding:		
Basic	42,032	41,240
Diluted	42,785	41,240

See accompanying condensed notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Net income (loss)	$ 8,159	$ (2,771)
Other comprehensive income (loss):		
Net unrealized gain (loss) on investments	(1,368)	462
Total other comprehensive income (loss)	(1,368)	462
Comprehensive income (loss)	$ 6,791	$ (2,309)

See accompanying condensed notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(In thousands)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance at December 31, 2019	41,908	$ 42	$ 753,978	$ (399,398)	$ 322	$ 354,944
Exercise of stock options	208	—	3,455	—	—	3,455
Vested restricted stock units	1	—	—	—	—	—
Stock-based compensation	—	—	8,847	—	—	8,847
Net unrealized loss on investments	—	—	—	—	(1,368)	(1,368)
Net income	—	—	—	8,159	—	8,159
Balance at March 31, 2020	42,117	$ 42	$ 766,280	$ (391,239)	$ (1,046)	$ 374,037

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance at December 31, 2018	41,223	$ 41	$ 709,691	$ (388,226)	$ (280)	$ 321,226
Cumulative effect adjustment of the adoption of Accounting Standards Update 2016-02 (Note 2)	—	—	—	(156)	—	(156)
Exercise of stock options	62	—	1,557	—	—	1,557
Vested restricted stock units	4	—	—	—	—	—
Stock-based compensation	—	—	7,434	—	—	7,434
Retirement of equity component of 2019 convertible senior notes	—	—	(233)	—	—	(233)
Net unrealized gain on investments	—	—	—	—	462	462
Net loss	—	—	—	(2,771)	—	(2,771)
Balance at March 31, 2019	41,289	$ 41	$ 718,449	$ (391,153)	$ 182	$ 327,519

See accompanying condensed notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Operating activities:		
Net income (loss)	$ 8,159	$ (2,771)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation of fixed assets and amortization of intangible assets	4,821	3,600
Amortization of debt issuance costs	439	420
Amortization of debt discount	3,594	3,345
Loss on disposal and impairment of fixed assets	22	—
Stock-based compensation	8,847	7,434
Changes in contingent consideration	(3,874)	—
Loss on investment	3,971	—
Changes in operating assets and liabilities:		
Accounts receivable, net	8,542	(1,766)
Inventories, net	(1,370)	1,540
Prepaid expenses and other assets	(3,674)	(1,644)
Accounts payable	2,868	(1,442)
Accrued expenses and income taxes payable	(24,700)	(5,166)
Other liabilities	(1,173)	(51)
Payment of contingent consideration to MyoScience, Inc. securityholders	(264)	—
Net cash provided by operating activities	6,208	3,499
Investing activities:		
Purchases of fixed assets	(6,724)	(2,018)
Purchases of investments	(72,610)	(22,688)
Sales of investments	50,768	103,187
Net cash (used in) provided by investing activities	(28,566)	78,481
Financing activities:		
Proceeds from exercises of stock options	3,455	1,101
Repayment of 2019 convertible senior notes	—	(338)
Conversion premium on 2019 convertible senior notes	—	(233)
Payment of contingent consideration to MyoScience, Inc securityholders	(4,736)	—
Net cash (used in) provided by financing activities	(1,281)	530
Net (decrease) increase in cash and cash equivalents	(23,639)	82,510
Cash and cash equivalents, beginning of period	78,228	132,526
Cash and cash equivalents, end of period	$ 54,589	$ 215,036
Supplemental cash flow information:		
Cash paid for interest	$ —	$ 5
Non-cash investing and financing activities:		
Net decrease in accrued fixed assets	$ (423)	$ (37)

See accompanying condensed notes to consolidated financial statements.

PACIRA BIOSCIENCES, INC.
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1—DESCRIPTION OF BUSINESS

Pacira BioSciences, Inc. and its subsidiaries (collectively, the "Company" or "Pacira") is a leading provider of non-opioid pain management and regenerative health solutions to advance and improve outcomes for health care practitioners and their patients. The Company's long-acting, local analgesic, EXPAREL® (bupivacaine liposome injectable suspension), was commercially launched in the United States in April 2012. EXPAREL utilizes DepoFoam®, a unique and proprietary delivery technology that encapsulates drugs without altering their molecular structure, and releases them over a desired period of time. In April 2019, the Company added iovera°® to its commercial offering with its acquisition of MyoScience, Inc., or MyoScience. The iovera° system is a handheld cryoanalgesia device used to deliver a precise, controlled application of cold temperature to only targeted nerves.

Pacira is subject to risks common to companies in similar industries and stages, including, but not limited to, competition from larger companies, reliance on revenue from two products, 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, protection of proprietary technology, compliance with government regulations and risks related to cybersecurity. For information on the Company's risks related to the ongoing worldwide novel coronavirus (COVID-19) pandemic, see Part II, Item 1A. "Risk Factors", included in this Quarterly Report on Form 10-Q.

The Company is managed and operated as a single business focused on the discovery, development, manufacture, marketing, distribution and sale of non-opioid pain management and regenerative health solutions. The Company is managed by a single management team, and consistent with its organizational structure, the Chief Executive Officer and Chairman manages and allocates resources at a consolidated level. Accordingly, the Company views its business as one reportable segment to evaluate performance, allocate resources, set operational targets,and forecast its future period financial results.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

These interim condensed 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 United States Securities and Exchange Commission (SEC), for interim reporting. Pursuant to these rules and regulations, certain information and footnote disclosures normally included in complete annual financial statements have been condensed or omitted. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

The condensed consolidated financial statements at March 31, 2020, and for the three-month periods ended March 31, 2020 and 2019, are unaudited, but include all adjustments (consisting of only normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial information set forth herein in accordance with GAAP. The condensed consolidated balance sheet at December 31, 2019 is derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The condensed consolidated financial statements as presented reflect certain reclassifications from previously issued financial statements to conform to the current year presentation. The accounts of wholly-owned subsidiaries are included in the condensed consolidated financial statements. Intercompany accounts and transactions have been eliminated in consolidation.

The results of operations for these interim periods are not necessarily indicative of results that may be expected for any other interim periods or for the full year.

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 doctors. The Company also sells EXPAREL directly to ambulatory surgery centers and physicians. The Company sells its bupivacaine

liposome injectable suspension for veterinary use to a third-party licensee and sells iovera° directly to end users. The table below includes the percentage of revenues comprised by the Company's three largest wholesalers in each period presented:

	Three Months Ended March 31,	
	2020	**2019**
Largest wholesaler	32%	36%
Second largest wholesaler	31%	29%
Third largest wholesaler	26%	26%
Total	89%	91%

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2016-02, *Leases (Topic 842)*, which was adopted by the Company on January 1, 2019 using the effective date method. At adoption, the Company recorded $36.5 million of lease liabilities and $27.6 million of right-of-use, or ROU, assets as of January 1, 2019, the difference representing previously recorded lease-related assets and liabilities. There was a cumulative-effect adjustment to retained earnings of $0.2 million upon adoption.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The Company now includes forward-looking information to better form its credit loss estimates. This update also required enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an entity's portfolio. This standard became effective for the Company beginning January 1, 2020. There were no credit losses recognized upon adoption at January 1, 2020.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework*. The update added the following disclosures: (i) changes in unrealized gains and losses for the period included in other comprehensive income (loss) for recurring Level 3 fair value measurements held at the end of the reporting period and (ii) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The standard became effective for the Company beginning January 1, 2020 and the Company has applied these new disclosure requirements in its condensed consolidated financial statements as of and for the three months ended March 31, 2020.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The update provides guidance to determine which implementation costs to capitalize as they relate to the service contract and which costs to expense. Any expense related to the capitalized implementation costs should be recorded in the same financial statement line item in the consolidated statements of operations as the fees associated with the hosting element of the arrangement, and the payments for capitalized implementation costs should be classified in the same manner as payments made for fees associated with the hosting element in the consolidated statements of cash flows. This standard became effective for the Company beginning January 1, 2020. The amendments are to be applied prospectively to all implementation costs incurred after the date of adoption. The Company did not incur any implementation costs in a hosting arrangement during the three months ended March 31, 2020.

Recent Accounting Pronouncements Not Adopted as of March 31, 2020

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740), Simplifying the Accounting for Income Taxes*, which amends the approaches and methodologies in accounting for income taxes during interim periods and makes changes to certain income tax classifications. The new standard allows certain exceptions, including an exception to the use of the incremental approach for intra-period tax allocation, when there is a loss from continuing operations and income or a gain from other items, and to the general methodology for calculating income taxes in an interim period, when a year-to-date loss exceeds the anticipated loss for the year. The standard also requires franchise or similar taxes partially based on income to be reported as income tax and to reflect the effects of enacted changes in tax laws or rates in the annual effective tax rate computation from the date of enactment. Lastly, in any future acquisition, the Company would be required to evaluate when the

step-up in the tax basis of goodwill is part of the business combination and when it should be considered a separate transaction. The standard will be effective for the Company beginning January 1, 2021, with early adoption of the amendments permitted. The Company is evaluating the impact from the adoption of ASU 2019-12 on its consolidated financial statements.

NOTE 3—REVENUE

Revenue from Contracts with Customers

The Company's sources of revenue include (i) sales of EXPAREL in the U.S.; (ii) sales of iovera° in the U.S.; (iii) sales of, and royalties on, its bupivacaine liposome injectable suspension for veterinary use in the U.S. and (iv) license fees and milestone payments. The Company does not consider revenue from sources other than sales of EXPAREL to be material sources of its consolidated revenue. As such, the following disclosure only relates to revenue associated with net EXPAREL product sales.

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 which include hospitals, ambulatory surgery centers and doctors. EXPAREL is delivered directly to the end-user without the wholesaler ever taking physical possession of the product. Product revenue is recognized when control of the promised goods are transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods. EXPAREL revenue is recorded at the time the product is delivered to the end-user.

Revenues from sales of products are recorded net of returns allowances, prompt payment discounts, wholesaler service fees, 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 for the gross to net adjustments, 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. The calculation of some of these items requires management to make estimates based on sales data, historical return data, contracts and other related information that may become known in the future. The adequacy of these provisions is reviewed on a quarterly basis.

Accounts Receivable

The majority of accounts receivable arise from product sales and represent amounts due from wholesalers, hospitals, ambulatory surgery centers and doctors. Payment terms generally range from zero to 37 days 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 (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 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):

	Three Months Ended March 31,	
	2020	2019
Net product sales:		
EXPAREL / bupivacaine liposome injectable suspension	$ 102,475	$ 90,906
iovera°	2,270	—
Total net product sales	$ 104,745	$ 90,906

NOTE 4—MYOSCIENCE ACQUISITION

On April 9, 2019, the Company acquired MyoScience (the "MyoScience Acquisition"), a privately-held medical device company, pursuant to the terms of an Agreement and Plan of Merger, under which MyoScience became a wholly-owned subsidiary of the Company and was renamed Pacira CryoTech, Inc. The total consideration was $147.5 million, which included a net cash payment of $119.0 million and the fair value of contingent consideration in the amount of $28.5 million. The contingent consideration consisted of contingent milestone payments up to an aggregate of $100.0 million upon the achievement of certain regulatory and commercial milestones, of which $68.0 million are available as of March 31, 2020. The Company's obligation to make milestone payments is limited to those milestones achieved through December 31, 2023, and are to be paid within 60 days of the end of the fiscal quarter of achievement. During the three months ended March 31, 2020, the Company made a $5.0 million cash payment for the achievement of a regulatory milestone. The Company will pay an additional $10.0 million for the achievement of a regulatory milestone in the second quarter of 2020. Up to $5.0 million of this milestone payment may be payable in shares of the Company's common stock, at the election of former MyoScience shareholders. See Note 10, *Financial Instruments*, for information on the measurement and amounts recognized on the Company's condensed consolidated balance sheet for contingent consideration.

Unaudited Pro Forma Summary of Operations

The following table shows the unaudited pro forma summary of operations for the three months ended March 31, 2019 as if the MyoScience Acquisition had occurred on January 1, 2019. This pro forma information does not purport to represent what the Company's actual results would have been and is not indicative of what such results would be expected for any future period (in thousands, except per share amounts):

	Three Months Ended March 31, 2019
Total revenues	$ 93,453
Net loss	$ (8,102)
Pro forma basic and diluted net loss per share	$ (0.20)

The unaudited pro forma financial information was prepared using the acquisition method of accounting and was based on the historical financial information of the Company and MyoScience. The summary pro forma financial information primarily reflects the following pro forma adjustments:

- Removal of the acquisition-related transaction fees and costs from the three months ended March 31, 2019;
- Removal of MyoScience's interest expense;
- Adjustments to the Company's interest income for the cash used to acquire MyoScience; and
- The addition of amortization expense on the acquired developed technology and customer relationship intangible assets.

NOTE 5—INVENTORIES

The components of inventories, net are as follows (in thousands):

	March 31, 2020	December 31, 2019
Raw materials	$ 23,162	$ 20,019
Work-in-process	7,757	14,407
Finished goods	28,747	23,870
Total	$ 59,666	$ 58,296

In December 2019, the Company's contract manufacturer experienced a media fill failure, which is part of the routine aseptic manufacturing requalification program, and an investigation was completed in April 2020. Based on the results of the investigation, the Company does not believe that any additional inventory reserves are required related to the media fill failure, and that all inventory in question has been determined to be sellable. The Company will resume production on this manufacturing line in May 2020.

NOTE 6—FIXED ASSETS

Fixed assets, net, summarized by major category, consist of the following (in thousands):

	March 31, 2020	December 31, 2019
Machinery and equipment	$ 70,061	$ 70,078
Leasehold improvements	60,441	60,441
Computer equipment and software	9,003	8,942
Office furniture and equipment	1,882	1,882
Construction in progress	44,912	38,778
Total	186,299	180,121
Less: accumulated depreciation	(78,194)	(75,440)
Fixed assets, net	$ 108,105	$ 104,681

For the three months ended March 31, 2020 and 2019, depreciation expense was $2.9 million and $3.6 million, respectively. For the three months ended March 31, 2020 and 2019, there was less than $0.1 million and no capitalized interest on the construction of manufacturing sites, respectively.

At March 31, 2020 and December 31, 2019, total fixed assets, net, includes leasehold improvements and manufacturing process equipment located in Europe in the amount of $64.0 million and $64.8 million, respectively.

NOTE 7—LEASES

The Company leases all of its facilities, including its EXPAREL manufacturing facility in San Diego, California and its iovera° manufacturing facility in Fremont, California. These leases have remaining terms between five months and 10.4 years, some of which provide renewal options at the then-current market value. The Company also has a lease with Thermo Fisher Scientific Pharma Services, or Thermo Fisher (formerly Patheon UK Limited), for the use of their manufacturing facility in Swindon, England, which is embedded in agreements the Company has with Thermo Fisher. A portion of the associated monthly base fees has been allocated to the lease component based on a relative fair value basis.

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 costs are as follows (in thousands):

	Three Months Ended March 31,	
Operating Lease Costs	**2020**	**2019**
Fixed lease costs	$ 1,564	$ 1,443
Variable lease costs	448	381
Total	$ 2,012	$ 1,824

Supplemental cash flow information related to operating leases is as follows (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Cash paid for operating lease liabilities	$ 2,759	$ 2,050
Right-of-use assets recorded in exchange for lease obligations	$ 174	$ 34,780

The Company has elected to net the amortization of the ROU asset and the reduction of the lease liability principal in accrued expenses in the condensed consolidated statement of cash flows.

The Company has measured its operating lease liabilities at an estimated discount rate in which it could borrow on a collateralized basis over the remaining term for each operating lease. The weighted average remaining lease term and the weighted average discount rate are summarized as follows:

	March 31, 2020
Weighted average remaining lease term	9.23 years
Weighted average discount rate	7.55%

Maturities of the Company's operating lease liabilities are as follows (in thousands):

Year	**Aggregate Minimum Payments Due**
2020 (remaining nine months)	$ 6,116
2021	6,330
2022	5,875
2023	6,013
2024	6,155
2025 through 2030	32,830
Total lease payments	63,319
Less: imputed interest	(19,162)
Total operating lease liabilities	$ 44,157

The Company has entered into one lease agreement (not included in the table above) for which there are future obligations but the lease has not yet commenced as of March 31, 2020 (in thousands):

Year	Aggregate Minimum Payments Due
2020 (remaining nine months)	$ 7,124
2021	4,415
2022	4,548
2023	4,684
2024	4,825
2025 through 2030	29,242
Total future lease payments	$ 54,838

NOTE 8—GOODWILL AND INTANGIBLE ASSETS

Goodwill

There was no change in the carrying value of the Company's goodwill during the three months ended March 31, 2020. The balance at both December 31, 2019 and March 31, 2020 was $99.5 million.

Skyepharma Acquisition

In March 2007, the Company acquired from SkyePharma Holding, Inc. (now a subsidiary of Vectura Group plc), or Skyepharma, its California operating subsidiary named Pacira Pharmaceuticals, Inc. (the "Skyepharma Acquisition"). The Skyepharma Acquisition was accounted for under Statement of Financial Accounting Standards 141, Accounting for Business Combinations, which was the effective GAAP standard at the Skyepharma Acquisition date.

In connection with the Skyepharma Acquisition, the Company agreed to percentage and milestone payments for DepoBupivacaine products, including EXPAREL. The milestone payments are as follows:

(i) $10.0 million upon the first commercial sale in the United States (met April 2012);
(ii) $4.0 million upon the first commercial sale in the United Kingdom, France, Germany, Italy or Spain;
(iii) $8.0 million when annual net sales collected reach $100.0 million (met September 2014);
(iv) $8.0 million when annual net sales collected reach $250.0 million (met June 2016); and
(v) $32.0 million when annual net sales collected reach $500.0 million.

As of March 31, 2020 the Company has recorded $62.0 million of goodwill related to the Skyepharma Acquisition The two unmet milestone payments totaling $36.0 million are the only remaining obligations to Skyepharma. Any remaining milestone payments will be treated as additional costs of the Skyepharma Acquisition and, therefore, recorded as goodwill if and when each contingency is resolved. For purposes of meeting future potential milestone payments, annual net sales are measured on a rolling quarterly basis.

MyoScience Acquisition

In connection with the MyoScience Acquisition, the Company recorded goodwill totaling $37.5 million. The Company subsequently made a tax election that allows the acquired goodwill and intangible assets to be tax deductible.

Intangible Assets

MyoScience Acquisition

Intangible assets, net, consist of the developed technology and customer relationships that were acquired in the MyoScience Acquisition and are summarized as follows (in thousands):

March 31, 2020	Gross Carrying Value	Accumulated Amortization	Intangible Assets, Net	Estimated Useful Life
Developed technology	$ 110,000	$ (7,660)	$ 102,340	14 years
Customer relationships	90	(9)	81	10 years
Total intangible assets	$ 110,090	$ (7,669)	$ 102,421	

December 31, 2019	Gross Carrying Value	Accumulated Amortization	Intangible Assets, Net	Estimated Useful Life
Developed technology	$ 110,000	$ (5,696)	$ 104,304	14 years
Customer relationships	90	(7)	83	10 years
Total intangible assets	$ 110,090	$ (5,703)	$ 104,387	

Amortization expense on intangible assets for the three months ended March 31, 2020 was $2.0 million. There was no amortization expense on intangible assets for the three months ended March 31, 2019.

Assuming no changes in the gross carrying amount of these intangible assets, amortization expense on intangible assets will be $5.9 million for the remaining nine months of 2020 and the future amortization expense on intangible assets will be $7.9 million annually through 2032 and $2.2 million in 2033.

NOTE 9—DEBT

Convertible Senior Notes Due 2022

On March 13, 2017, the Company completed a private placement of $345.0 million in aggregate principal amount of 2.375% convertible senior notes due 2022, or 2022 Notes, and entered into an indenture, or 2022 Indenture, with respect to the 2022 Notes. The 2022 Notes accrue interest at a fixed rate of 2.375% per year, payable semiannually in arrears on April 1st and October 1st of each year. The 2022 Notes mature on April 1, 2022.

The total debt composition of the 2022 Notes is as follows (in thousands):

	March 31, 2020	December 31, 2019
2.375% convertible senior notes due 2022	$ 345,000	$ 345,000
Deferred financing costs	(3,704)	(4,143)
Discount on debt	(31,218)	(34,812)
Total debt, net of debt discount and deferred financing costs	$ 310,078	$ 306,045

Holders may convert their 2022 Notes prior to October 1, 2021 only if certain circumstances are met, including 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. During the quarter ended March 31, 2020, this condition for conversion was not met.

On or after October 1, 2021, until the close of business on the second scheduled trading day immediately preceding April 1, 2022, holders may convert their 2022 Notes at any time.

Upon conversion, holders will receive the principal amount of their 2022 Notes and any excess conversion value, calculated based on the per share volume-weighted average price for each of the 40 consecutive trading days during the observation period (as more fully described in the 2022 Indenture). For both the principal and 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 2022 Notes is 14.9491 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of $66.89 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 2022 Notes represents a premium of approximately 37.5% to the closing sale price of $48.65 per share of the Company's common stock on the Nasdaq Global Select Market on March 7, 2017, the date that the Company priced the private offering of the 2022 Notes.

As of March 31, 2020, the 2022 Notes had a market price of $960 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 stock price appreciation. Upon the receipt of conversion requests, the settlement of the 2022 Notes will be paid pursuant to the terms of the 2022 Indenture. In the event that all of the 2022 Notes are settled, the Company would be required to repay the $345.0 million in principal value and any conversion premium in any combination of cash and shares of its common stock (at the Company's option).

As of April 1, 2020, the Company may redeem for 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, all or part of the 2022 Notes if the last reported sale price (as defined in the 2022 Indenture) of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period ending within five trading days prior to the date on which the Company provides notice of redemption. The redemption price will equal the sum of (i) 100% of the principal amount of the 2022 Notes being redeemed, plus (ii) accrued and unpaid interest, including additional interest, if any, to, but excluding, the redemption date. In addition, calling the 2022 Notes for redemption will constitute a "make whole fundamental change" (as defined in the 2022 Indenture) and will, in certain circumstances, increase the conversion rate applicable to the conversion of such notes if it is converted in connection with the redemption. No sinking fund is provided for the 2022 Notes.

While the 2022 Notes are currently classified on the Company's consolidated balance sheet at March 31, 2020 as long-term debt, the future convertibility and resulting balance sheet classification of this liability will be monitored at each quarterly reporting date and will be analyzed dependent upon market prices of the Company's common stock during the prescribed measurement periods. In the event that the holders of the 2022 Notes have the right to convert the 2022 Notes at any time during the prescribed measurement period, the 2022 Notes would then be considered a current obligation and classified as such.

Interest Expense

The following table sets forth the total interest expense recognized in the periods presented (dollar amounts in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Contractual interest expense	$ 2,049	$ 2,049
Amortization of debt issuance costs	439	420
Amortization of debt discount	3,594	3,345
Capitalized interest and other (Note 6)	(60)	—
Total	$ 6,022	$ 5,814
Effective interest rate on convertible senior notes	7.81 %	7.81 %

NOTE 10—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 and accounts payable approximate their respective fair values due to the short-term nature of these items. The fair value of the Company's equity investment is calculated utilizing market quotations from a major American stock exchange (Level 1). 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 values and fair values of the Company's financial assets and liabilities at March 31, 2020 are as follows (in thousands):

		Fair Value Measurements Using		
	Carrying Value	Level 1	Level 2	Level 3
Financial Assets:				
Equity investment [3]	$ 6,053	$ 6,053	$ —	$ —
Financial Liabilities:				
2.375% convertible senior notes due 2022 [1][2]	$ 310,078	$ —	$ 331,200	$ —
Acquisition-related contingent consideration [3]	$ 29,268	$ —	$ —	$ 29,268

(1) The closing price of the Company's common stock as reported on the Nasdaq Global Select Market was $33.53 per share on March 31, 2020 compared to a conversion price of $66.89 per share. Therefore, at March 31, 2020, the conversion price was above the stock price. The maximum conversion premium that can be due on the 2022 Notes is approximately 5.2 million shares of the Company's common stock, which assumes no increases in the conversion rate for certain corporate events.
(2) Reported at historical cost.
(3) Reported at fair value on a recurring basis.

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 Liabilities Measured at Fair Value on a Recurring Basis

The Company has recognized contingent consideration related to the MyoScience Acquisition in the amount of $29.3 million as of March 31, 2020. Refer to Note 4, *MyoScience Acquisition* and Note 15, *Acquisition-Related (Gains) Charges and Product Discontinuation, Net*, for more information.

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, as a result of downward revisions in its forecasted revenues (principally due to the impact of the COVID-19 pandemic), for the three months ended March 31, 2020, recognized $3.9 million of credits related to contingent consideration, which have been included in acquisition-related (gains) charges in the condensed consolidated statements of operations. The Company has measured the fair value of its contingent consideration using a probability-weighted discounted cash flow approach that is based on unobservable inputs and a Monte Carlo simulation. These inputs include, as applicable, estimated probabilities and the timing of achieving specified commercial and regulatory milestones, estimated forecasts of revenue and costs and 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. At March 31, 2020, the weighted average discount rate was 9.7% and the weighted average probability of success for regulatory milestones was 44.6%.

The following table includes the key assumptions used in the valuation of the Company's contingent consideration:

Assumption	Ranges Utilized as of March 31, 2020
Discount rates	9.55% to 9.82%
Probabilities of payment for regulatory milestones	3% to 100%
Projected years of payment for regulatory and commercial milestones	2020 to 2023

The maximum remaining potential payments related to the contingent consideration from the MyoScience Acquisition are $68.0 million, including a $10.0 million payment to be made in the second quarter of 2020.

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, 2019	$ 38,142
Fair value adjustments and accretion	(3,874)
Payments made	(5,000)
Balance at March 31, 2020	$ 29,268

Investments

Short-term investments consist of asset-backed securities collateralized by credit card receivables, investment grade commercial paper and corporate bonds with maturities greater than three months, but less than one year. Long-term investments consist of asset-backed securities collateralized by credit card receivables and corporate bonds with maturities greater than one year but less than two years. Net unrealized gains and losses (excluding credit losses, if any) from the Company's short-term and long-term investments are reported in other comprehensive income (loss). At March 31, 2020, all of the Company's short-term and long-term 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. 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. At March 31, 2020, all short-term and long-term investments had an "A" or better rating by Standard & Poor's.

The following summarizes the Company's investments at March 31, 2020 and December 31, 2019 (in thousands):

March 31, 2020 Investments	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Level 2)
Short-term:				
Asset-backed securities	$ 57,327	$ 64	$ (130)	$ 57,261
Commercial paper	28,878	26	—	28,904
Corporate bonds	178,374	54	(718)	177,710
Subtotal	264,579	144	(848)	263,875
Long-term:				
Asset-backed securities	6,175	23	—	6,198
Corporate bonds	29,287	4	(369)	28,922
Subtotal	35,462	27	(369)	35,120
Total	$ 300,041	$ 171	$ (1,217)	$ 298,995

December 31, 2019 Investments	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value (Level 2)
Short-term:				
Asset-backed securities	$ 43,166	$ 54	$ —	$ 43,220
Commercial paper	32,250	20	—	32,270
Corporate bonds	138,012	225	(5)	138,232
Subtotal	213,428	299	(5)	213,722
Long-term:				
Asset-backed securities	28,064	10	(15)	28,059
Corporate bonds	36,706	37	(4)	36,739
Subtotal	64,770	47	(19)	64,798
Total	$ 278,198	$ 346	$ (24)	$ 278,520

At March 31, 2020, the fair values of some of the investments held for sale were less than their amortized costs. These investments had been in unrealized loss positions for less than 12 months. The Company considered whether it intends to sell or is more likely than not to be required to sell those investments prior to the recovery of their amortized cost bases. In addition, the Company considered the present value of future cash flows of those investments and projects that these cash flows will be greater than the amortized costs. For the three months ended March 31, 2020, the Company concluded that the decline in fair value was not a result of credit losses and no credit impairments have been recognized in the condensed consolidated statements of operations.

The Company elects to recognize its interest receivable separate from its available for sale investments. At March 31, 2020 and December 31, 2019, the interest receivable recognized in prepaid expenses and other current assets was $1.6 million and $1.0 million, respectively.

Equity Investment

At March 31, 2020 and December 31, 2019, the Company held an equity investment in TELA Bio, Inc., or TELA Bio, in its condensed consolidated balance sheets in the amount of $6.1 million and $10.0 million, respectively. During the three months ended March 31, 2020, the Company recorded its investment in TELA Bio at fair value, based on a quoted market price, which resulted in an impairment loss in the amount of $4.0 million. There was no impairment loss in the three months ended March 31, 2019. The fair values at both March 31, 2020 and December 31, 2019 were based on Level 1 inputs.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, short-term investments, long-term 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 March 31, 2020, three wholesalers each accounted for over 10% of the Company's accounts receivable, at 32%, 29% and 28%, respectively. At December 31, 2019, three wholesalers each accounted for over 10% of the Company's accounts receivable, at 37%, 29% and 26%, respectively. For additional information regarding the Company's wholesalers, see Note 2, *Summary of Significant Accounting Policies*. EXPAREL revenues are primarily derived from major wholesalers and pharmaceutical companies which 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 actual write-off history. As of March 31, 2020 and December 31, 2019, no allowances for credit losses were deemed necessary by the Company on its accounts receivable.

NOTE 11—STOCK PLANS

Stock-Based Compensation

The Company recognized stock-based compensation expense in the periods presented as follows (in thousands):

	Three Months Ended March 31,	
	2020	**2019**
Cost of goods sold	$ 1,219	$ 1,091
Research and development	1,186	1,218
Selling, general and administrative	6,442	5,125
Total	$ 8,847	$ 7,434
Stock-based compensation from:		
Stock options	$ 6,225	$ 5,121
Restricted stock units	2,402	2,107
Employee stock purchase plan	220	206
Total	$ 8,847	$ 7,434

Equity Awards

The following tables contain information about the Company's stock option and restricted stock unit, or RSU, activity for the three months ended March 31, 2020:

Stock Options	Number of Options	Weighted Average Exercise Price (Per Share)
Outstanding at December 31, 2019	6,706,378	$ 42.80
Granted	188,450	43.53
Exercised	(207,548)	16.64
Forfeited	(91,069)	41.66
Expired	(14,057)	63.34
Outstanding at March 31, 2020	6,582,154	43.62

Restricted Stock Units	Number of Units	Weighted Average Grant Date Fair Value (Per Share)
Unvested at December 31, 2019	631,141	$ 41.87
Granted	350	43.27
Vested	(849)	48.16
Forfeited	(15,567)	41.89
Unvested at March 31, 2020	615,075	41.86

The weighted average fair value of stock options granted during the three months ended March 31, 2020 was $20.97 per share. The fair values of stock options granted were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

Black-Scholes Weighted Average Assumption	Three Months Ended March 31, 2020
Expected dividend yield	None
Risk-free interest rate	1.35%
Expected volatility	53.90%
Expected term of options	5.24 years

Employee Stock Purchase Plan

The Company's 2014 Employee Stock Purchase Plan, or ESPP, features two six-month offering periods per year, running from January 1 to June 30 and July 1 to December 31. Under the ESPP, employees may elect to contribute after-tax earnings to purchase shares at 85% of the closing fair market value of the Company's common stock on either the offering date or the purchase date, whichever is less. During the three months ended March 31, 2020, no shares were purchased and issued through the ESPP.

NOTE 12—STOCKHOLDERS' EQUITY

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:	Three Months Ended March 31, 2020	2019
Balance at beginning of period	$ 322	$ (280)
Other comprehensive income (loss) before reclassifications	(1,368)	462
Amounts reclassified from accumulated other comprehensive income (loss)	—	—
Balance at end of period	$ (1,046)	$ 182

NOTE 13—NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is calculated by dividing the net income (loss) attributable to common shares by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share is calculated by dividing the net income (loss) attributable to common shares by the weighted average number of common shares outstanding plus dilutive potential common shares 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, the purchase of shares from the ESPP (using the treasury stock method) and the conversion of the excess conversion value on the 2022 Notes. As discussed in Note 9, *Debt*, the Company has the option to pay cash for the aggregate principal amount due upon the conversion of its 2022 Notes. Since it is the Company's intent to settle the principal amount of its 2022 Notes in cash, the potentially dilutive effect of such notes on net income (loss) per share is computed under the treasury stock method.

Potential common shares are excluded from the diluted net income (loss) per share computation to the extent they would be antidilutive. Because the Company reported a net loss for the three months ended March 31, 2019, no potentially dilutive securities have been included in the computation of diluted net loss per share for that period.

The following table sets forth the computation of basic and diluted net loss per share for the three months ended March 31, 2020 and 2019 (in thousands, except per share amounts):

	Three Months Ended March 31, 2020	2019
Numerator:		
Net income (loss)	$ 8,159	$ (2,771)
Denominator:		
Weighted average common shares outstanding—basic	42,032	41,240
Computation of diluted securities:		
Dilutive effect of stock options	585	—
Dilutive effect of RSUs	168	—
Weighted average common shares outstanding—diluted	42,785	41,240
Net income (loss) per share:		
Basic and diluted net income (loss) per common share	$ 0.19	$ (0.07)

The following outstanding stock options, RSUs and ESPP purchase options are antidilutive in the periods presented (in thousands):

	Three Months Ended March 31, 2020	2019
Weighted average number of stock options	5,343	5,792
Weighted average number of RSUs	2	559
Weighted average ESPP purchase options	40	37
Total	5,385	6,388

NOTE 14—INCOME TAXES

Income (loss) before income taxes is as follows (in thousands):

	Three Months Ended March 31,	
	2020	2019
Income (loss) before income taxes:		
Domestic	$ 13,046	$ 1,819
Foreign	(4,489)	(4,337)
Total income (loss) before income taxes	$ 8,557	$ (2,518)

For the three months ended March 31, 2020 and 2019, the Company recorded income tax expense of $0.4 million and $0.3 million, respectively. The tax provisions for 2020 and 2019 reflect current state income taxes. Due to net operating losses, or NOLs, carried forward, and the repeal of the corporate minimum tax, no current federal income tax expense was recorded for 2020 or 2019. The utilization of the Company's NOLs has not resulted in any deferred federal tax expense because there was a full valuation allowance recorded with respect to the NOLs.

NOTE 15—ACQUISITION–RELATED (GAINS) CHARGES AND PRODUCT DISCONTINUATION, NET

MyoScience Acquisition

The Company recognized acquisition-related gains related to the MyoScience Acquisition in the amount of $3.7 million and acquisition-related charges of $1.2 million in the three months ended March 31, 2020 and 2019, respectively. The acquisition-related gains primarily reflect the decrease in the fair value of contingent consideration in the amount of $3.9 million for the three months ended March 31, 2020. See Note 10, *Financial Instruments*, for information regarding the method and key assumptions used in the fair value measurements of contingent consideration. In the three months ended March 31, 2020 and 2019, the remaining acquisition-related charges of $0.2 million and $1.2 million represented legal, accounting, and other related costs. See Note 4, *MyoScience Acquisition*, for more information.

DepoCyt(e) Discontinuation

The Company recorded costs related to its DepoCyt(e) discontinuation activities of less than $0.1 million in each of the three month periods ended March 31, 2020 and 2019. The Company ceased all production of DepoCyt(e) as of June 30, 2017. Cash payments for the DepoCyt(e) manufacturing facility are expected to continue through the end of its lease term in August 2020.

Summary of Acquisition-Related Restructuring Activities and DepoCyt(e) Discontinuation Costs

The Company's acquisition-related restructuring and DepoCyt(e) discontinuation costs as of March 31, 2020 are summarized below (in thousands):

	Severance and Related Costs	Asset Retirement Obligations, Other Restructuring and Discontinuation Costs	Total
Balance at December 31, 2019	$ 81	$558	$ 639
Charges incurred	—	166	166
Cash payments made	—	(292)	(292)
Balance at March 31, 2020	$ 81	$ 432	$ 513

NOTE 16—COMMITMENTS AND CONTINGENCIES

Litigation

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 patents, product liability and government investigations. Except as described below, the Company is not presently a party to any legal proceedings which 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.

In April 2015, the Company 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. The Company is cooperating with the government's inquiry. The Company can make no assurances as to the time or resources that will need to be devoted to this inquiry.

In December 2019, the Company reached an agreement in principle with the Department of Justice and more than one state Attorney General's office (the "Plaintiffs") on a proposal for a global civil settlement in the amount of $3.5 million, subject to accrual of interest on the settlement amount from the date of the agreement in principle, negotiation of a definitive settlement agreement and other contingencies. As part of the settlement, the Company will admit no wrongdoing and will explicitly deny the Plaintiffs' allegations. The Company has been given assurances that, if the parties can agree to negotiation of the settlement, this will conclude the investigation that originated from the U.S. Department of Justice subpoena in April 2015. This settlement was recorded in acquisition-related charges, product discontinuation and other in the consolidated financial statements for the year ended December 31, 2019.

NOTE 17—SUBSEQUENT EVENTS

Novel Coronavirus (COVID-19) Pandemic

The Company began experiencing the impact of the global pandemic caused by a novel strain of coronavirus (COVID-19) on its business in mid-March 2020, and has continued to experience sales disruptions into the second quarter of 2020. The principal impact of the COVID-19 pandemic on the Company's business is that many hospitals, surgical centers and clinicians have suspended elective procedures per the recommendation of the Centers for Disease Control and Prevention (CDC), resulting in a decline in revenue for both EXPAREL and iovera°. The Company expects to continue to be impacted as long as elective surgical procedures are restricted by government action, or by patient or clinician behavior. Also, in response to the COVID-19 pandemic, many hospitals, ambulatory surgical centers and clinicians have restricted sales force access to their sites. While some states are starting to ease or lift elective surgery restrictions, the Company does not know how long other states will mandate stay at home orders or how long it will take the surgical community to return to normal operations. The Company's manufacturing sites are operational and have implemented new safety protocols and guidelines as recommended by federal, state and local governments. To date, there have been no material impacts to the Company's supply chain. The situation remains dynamic and subject to rapid and possibly material changes. Additional negative impacts may also arise from the COVID-19 pandemic that the Company is unable to foresee. The nature and extent of such impacts will depend on future developments, which are highly uncertain and cannot be predicted.

Item 2. ***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 condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and in accordance with the rules and regulations of the United States Securities and Exchange Commission, or SEC.

This Quarterly Report on Form 10-Q 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, or the Exchange Act, including statements about our growth and future operating results, discovery and development of products, strategic alliances and intellectual property. 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 "believe," "anticipate," "plan," "estimate," "expect," "intend," "may," "will," "would," "could," "can" 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. These forward-looking statements include, among others, statements about: the impact of the COVID-19 pandemic on elective surgeries, our manufacturing and supply chain and global and U.S. economic conditions; the success of our sales and manufacturing efforts in support of the commercialization of EXPAREL®(bupivacaine liposome injectable suspension); the rate and degree of market acceptance of EXPAREL; the size and growth of the potential markets for EXPAREL and our ability to serve those markets; our plans to expand the use of EXPAREL to additional indications and opportunities, and the timing and success of any related clinical trials; our ability to realize the anticipated benefits and synergies from the acquisition of MyoScience, Inc., or MyoScience; the ability to successfully integrate iovera°® and MyoScience into the Company's existing business; the commercial success of iovera°; the related timing and success of United States Food and Drug Administration, or FDA, supplemental New Drug Applications, or sNDAs; the outcome of the U.S. Department of Justice, or DOJ, inquiry; the Company's plans to evaluate, develop and pursue additional DepoFoam®-based product candidates; clinical trials in support of an existing or potential DepoFoam-based product; our commercialization and marketing capabilities and our ability to successfully construct an additional EXPAREL manufacturing suite in Swindon, England and assumptions associated with contingent consideration payments. Important factors could cause our actual results to differ materially from those indicated or implied by forward-looking statements. 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 Quarterly Report on Form 10-Q.

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 items mentioned herein and the matters discussed and referenced in Part I-Item 1A. "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2019 and in other reports as filed with the SEC.

Unless the context requires otherwise, references to "Pacira," "we," the "Company," "us" and "our" in this Quarterly Report on Form 10-Q refer to Pacira BioSciences, Inc. and its subsidiaries. In addition, references in this Quarterly Report on Form 10-Q to DepoCyt(e) mean DepoCyt® when discussed in the context of the United States, or U.S., and Canada and DepoCyte® when discussed in the context of the European Union, or E.U.

Overview

Pacira is a leading provider of non-opioid pain management options to advance and improve outcomes for healthcare practitioners and their patients. Our long-acting, local analgesic EXPAREL® (bupivacaine liposome injectable suspension) was commercially launched in April 2012. EXPAREL utilizes DepoFoam®, a unique and proprietary delivery technology that encapsulates drugs without altering their molecular structure and releases them over a desired period of time. EXPAREL is currently indicated for single-dose infiltration in adults to produce postsurgical local analgesia and as an interscalene brachial plexus nerve block to produce postsurgical regional analgesia. Since its initial approval in 2011 for single-dose infiltration, more than six million patients have been treated with EXPAREL. We drop-ship EXPAREL directly to the end-user based on orders placed to wholesalers or directly to us, and there is no product held by wholesalers. In April 2019, we acquired iovera°®, a handheld cryoanalgesia device used to deliver a precise, controlled application of cold temperature only to targeted nerves. We sell iovera° directly to end users. The iovera° system is highly complementary to EXPAREL as a non-opioid therapy that alleviates pain by disrupting pain signals being transmitted to the brain from the site of injury or surgery.

We expect to continue to incur significant expenses as we pursue the expanded use of EXPAREL and iovera° in additional procedures; progress our earlier-stage product candidate pipeline; advance regulatory activities for EXPAREL,

iovera° and other product candidates; invest in sales and marketing resources for EXPAREL and iovera°; expand and enhance our manufacturing capacity for EXPAREL and iovera°; invest in products, businesses and technologies and support legal matters.

Novel Coronavirus (COVID-19) Pandemic

The full long-term impacts of the global emergence of the novel strain of coronavirus (COVID-19) on our business are currently unknown, although we are beginning to see some expected near-term impacts due to the COVID-19 pandemic, as described in more detail below. We have taken precautionary and preemptive actions to address the COVID-19 pandemic, such as implementing additional safety protocols and guidelines at our manufacturing sites and requiring our non-essential personnel to work from home, including our field sales force and clinical education teams which continue to support our customers remotely.

Given that many hospitals, surgical centers and clinics have suspended elective procedures per the recommendation of the Centers for Disease Control and Prevention, or CDC, since mid-March 2020 and continuing into the second quarter of 2020, we expect that EXPAREL and iovera° revenues and our corresponding results of operations will be adversely impacted in the near-term. While some states are starting to ease or lift elective surgery restrictions, we do not know how long other states will mandate stay at home orders or how long it will take the surgical community to return to normal operations. Future results could be impacted by governmental actions, patient or clinical decisions, or poor economic conditions. Because of the rapid and evolving nature of the outbreak of COVID-19, it is not clear what the potential effects may be to our business going forward, including the impacts on our revenues, results of operations or financial condition, particularly if these impacts persist or exacerbate over an extended period of time. For a description of risks facing the Company that relate to the COVID-19 pandemic or any other future pandemic, epidemic or outbreak of contagious disease, see Item 1A. “Risk Factors” below.

Our in-person interactions with surgeons, anesthesiologists and other healthcare professionals have been substantially reduced, and we have offered virtual support as needed. We recently began making limited calls to hospitals and ambulatory surgical centers in select areas where elective surgery bans have been eased or lifted. These precautionary measures will likely continue during the COVID-19 pandemic. In addition, some of our interactive discussion forums and education programs have been delayed or cancelled.

Our EXPAREL and iovera° manufacturing activities remain fully operational (with additional safety protocols in place) as they are deemed essential operations by state and local governments, and we have not experienced disruptions to our supply chain to date.

We expect our second quarter sales of EXPAREL and iovera° to be impacted until governmental action and patient or clinical decisions enable the resumption of elective medical procedures. Furthermore, we expect to offset some of the anticipated impact to revenues through reductions in expenditures, including, but not limited to, those resulting from a decline in commissions related to our co-promotion agreement with DePuy Synthes Sales, Inc., or DePuy Synthes, the delay of certain clinical trial activities, the cancellations of in-person industry conferences and the suspension of non-essential employee travel. Finally, we anticipate that some of the virtual training activities that have been adopted by our clinical education teams out of necessity could become more commonplace in the future and drive savings on a regular basis in the long-term.

We may take further actions that alter our, our customers’ and our vendors’ normal business operations. We will continue to actively monitor the situation and implement measures recommended by federal, state or local authorities, or that we determine are in the best interests of our patients, employees, partners, suppliers, shareholders and stakeholders.

Recent Highlights

- In January 2020, we announced positive results from our Phase 4 opioid-free CHOICE study of EXPAREL in patients undergoing C-section. The study achieved its primary endpoint with a statistically significant reduction in total postsurgical opioid consumption while maintaining pain scores through 72 hours ($p \leq 0.001$). EXPAREL demonstrated statistical significance for the key secondary endpoint of a reduction in the incidence and severity of itching for 72 hours after surgery ($p \leq 0.05$). Full study results will be submitted for publication in the peer-reviewed medical literature later this year.

- In January 2020, we announced a collaboration with Envision Physician Services to train anesthesiology clinicians on ultrasound-guided regional anesthesia techniques utilizing long-acting local anesthetics like EXPAREL via a series of interactive workshops held across the United States. The program supports ongoing efforts by both organizations to advance the delivery of high-quality, patient-centered care.

- In May 2020, we announced the appointment of Donald C. Manning, M.D., Ph.D., as Chief Medical Officer. Dr. Manning, who brings more than 20 years of experience in biopharmaceutical executive leadership, was most recently, Chief Medical Officer at Adynxx, Inc., a development company focused on advancing disease-modifying products for the treatment of pain management and inflammation. In his new position, Dr. Manning will report directly to David Stack, our chief executive officer and chairman.

EXPAREL

EXPAREL is currently indicated for single-dose infiltration in adults to produce postsurgical local analgesia and as an interscalene brachial plexus nerve block to produce postsurgical regional analgesia. Safety and efficacy have not been established in other nerve blocks.

Due to the COVID-19 pandemic, our clinical trial activities, including those described below, are currently delayed or experiencing suspended enrollment as a result of the suspension of elective surgical procedures.

Phase 4 Trials

We are expanding the clinical evidence for EXPAREL through Phase 4 clinical trials across several surgical specialties.

In January 2019, we reported positive topline results from a Phase 4 study of EXPAREL in patients undergoing Cesarean section, or C-section. The study compared an EXPAREL transversus abdominis plane, or TAP, block to a bupivacaine TAP block and achieved its primary endpoint with a statistically significant reduction in total postsurgical opioid consumption through 72 hours ($p<0.05$) while maintaining pain intensity scores through 72 hours. The study also achieved statistical significance ($p<0.05$) for relevant additional endpoints, including: (i) reduced total opioid consumption at one and two weeks following C-section and (ii) an increased percentage of opioid-spared patients, a composite endpoint, which was defined as patients who took no more than one oxycodone 10mg tablet (or equivalent) and graded their bother or stress from the following opioid-related adverse events as “not at all”: vomiting, itching, sweating, freezing or dizziness. These data were presented at the Annual Meeting of the Society for Obstetric Anesthesia and Perinatology in May 2019. The full study results have been submitted for publication in the peer-reviewed medical literature.

In January 2020, we reported positive topline results from a second C-section study (known as “CHOICE”). The study achieved its primary endpoint with a statistically significant reduction in total postsurgical opioid consumption while maintaining pain scores through 72 hours ($p\leq0.001$). EXPAREL demonstrated statistical significance for the key secondary endpoint of a reduction in the incidence and severity of itching for 72 hours after surgery ($p\leq0.05$). The Phase 4, multicenter, randomized, active-controlled study across 18 clinical sites in the United States, enrolled 169 patients undergoing elective C-section. Patients were randomized (1:1:1) to receive either 150 mcg morphine spinal anesthesia plus a standard of care postoperative pain regimen, 50 mcg morphine spinal anesthesia plus EXPAREL TAP field block or opioid-free spinal anesthesia plus EXPAREL TAP block. Patients in the EXPAREL arms received a protocol-defined postoperative pain management regimen comprised of ketorolac, acetaminophen and ibuprofen. All patients could receive opioid rescue pain medicine upon request for breakthrough pain. Full study results will be submitted for publication in the peer-reviewed medical literature later this year.

We are also advancing a Phase 4 study in spine surgeries (known as “FUSION”). This is a multicenter, prospective, active-controlled, real world, study of EXPAREL in multimodal regimens compared with the standard of care for postsurgical pain management in patients undergoing lumbar posterior spine surgeries.

In surgical settings where we are seeing positive outcomes for EXPAREL as part of an enhanced recovery after surgery, or ERAS, protocol (such as colorectal and breast reconstruction procedures), we are investing in training around the protocol and collecting real-world data on the standard-of-care without EXPAREL compared to an EXPAREL-based ERAS protocol. Our Phase 4 strategy also supports clinician education on procedure-specific best-practice care for improved patient outcomes and customer satisfaction within our approved indications.

Phase 3 Label Expansion Trials

Pediatrics

In December 2019, we reported positive topline results from our Phase 3 registration study (known as “PLAY”) of EXPAREL administered as a single-dose infiltration in pediatric patients undergoing spinal or cardiac surgeries. Overall

findings were consistent with the pharmacokinetic and safety profiles for adult patients with no safety concerns identified at a dose of 4 mg/kg. We believe the results from this study will provide the foundation for an sNDA submission in the first half of 2020 to the FDA seeking expansion of the EXPAREL label to include children aged six and over. We are also working with the FDA to finalize a regulatory pathway to expand the EXPAREL label to include EXPAREL administered as a nerve block in the pediatric setting.

The PLAY study enrolled 98 patients to evaluate the pharmacokinetics and safety of EXPAREL for two patient groups: patients aged 12 to less than 17 years and patients aged 6 to less than 12 years. In agreement with the FDA, the primary and secondary objectives of the PLAY study were to evaluate the pharmacokinetics and safety of EXPAREL, respectively. The full study results will be submitted for publication in the peer-reviewed medical literature.

Nerve Block in Lower Extremity Surgery

We have initiated a Phase 3 study for nerve block in lower extremity surgeries (known as "STRIDE") that is comparing an EXPAREL nerve block in lower extremity surgeries to a bupivacaine nerve block in lower extremity surgeries in patients undergoing foot and ankle surgeries. We plan to enroll patients once COVID-19 surgical restrictions have eased. We believe positive results from this study would support an sNDA submission seeking label expansion to include nerve blocks in lower extremity surgeries. We believe the addition of this indication is significant as anesthesia-driven regional approaches using nerve and field blocks continue to expand as institutional protocols.

Global Expansion

We have defined a global expansion strategy for EXPAREL that we believe provides us with the opportunity to increase our revenue and leverage our fixed cost infrastructure. We have prioritized Europe, Canada and China. In Europe, we have secured a positive opinion for our Pediatric Investigation Plan (PIP) and in June 2019 our Marketing Authorization Application, or MAA, was validated by the European Medicines Agency, or EMA. In Canada, which is a concentrated market driven by four provinces, Health Canada has validated our New Drug Submission. We do not intend to pursue a commercial partnership to commercialize EXPAREL in Europe or Canada. In China, we have an agreement with Nuance Biotech Co. Ltd., a China-based specialty pharmaceutical company, for the development and commercialization of EXPAREL. We have received feedback from the National Medical Products Administration, or NMPA, in China and we are planning to meet with the NMPA to finalize our regulatory path forward.

iovera°

The iovera° System

The iovera° system is highly complementary to EXPAREL as a non-opioid therapy that delivers cryoanalgesia via a handheld device to alleviate pain by disrupting pain signals being transmitted to the brain from the site of injury or surgery. Initially, we will focus on two broad patient care opportunities. The iovera° system is 510(k) cleared in the U.S. for the blocking of pain, pain relief and symptoms associated with osteoarthritis of the knee as well as general surgical use.

Our first priority is iovera° and EXPAREL for opioid-sparing pain management for the total knee arthroplasty, or TKA, patient, with iovera° being administered before surgery and EXPAREL administered during surgery (our "PREPARE" clinical trial). We plan to enroll patients once COVID-19 surgical restrictions have eased. As many as 30 percent of presurgical patients with end-stage knee osteoarthritis use prescription opioids. With iovera°, our goal is to provide patients with several months of non-opioid pain control to allow them to prepare for surgery with an appropriate regimen. We also believe that EXPAREL for surgical pain control and EXPAREL plus iovera° for postsurgical pain control could support rapid functional recovery.

The second target market is iovera° for osteoarthritis patients who have failed conservative treatments, such as non-steroidal anti-inflammatory drugs or viscosupplementation, and are seeking drug-free, opioid-free, surgery-free pain management for several months. We are targeting patients who are seeking an active lifestyle, as well as patients who desire to delay surgery for personal reasons.

Osteoarthritis of the Knee

There is a growing body of clinical data demonstrating success with the iovera° treatment for osteoarthritis of the knee. There are 14 million individuals in the U.S. who have symptomatic knee osteoarthritis, and nearly two million are under the age of 45. Surgical intervention is typically a last resort for patients suffering from osteoarthritis of the knee. In one study, the

majority of the patients suffering from osteoarthritis of the knee experienced pain relief beyond 150 days after being treated with iovera°.

Preliminary findings demonstrated reductions in opioids, including:

- The daily morphine equivalent was significantly lower at 72 hours ($p<0.05$), 6 weeks ($p<0.05$) and 12 weeks ($p<0.05$), with an overall 35 percent reduction in daily morphine equivalents across the 12-week postoperative period in the iovera° treatment group.

- 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% vs. 44%, $p<0.01$).

- 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 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 several months as the nerve regenerates over time;

- iovera° is repeatable;

- 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 ultrasound guidance or an anatomical landmark.

We believe the combination of iovera° and EXPAREL will become the preferred procedural solution that will empower patients and their healthcare providers to take control of the patients' osteoarthritis journey, while minimizing the need for opioids. We will be investing in key clinical studies to demonstrate the synergy of iovera° and EXPAREL to manage pain while reducing or eliminating opioids. Our initial focus will be iovera° and EXPAREL as a multimodal solution for TKA.

Product Pipeline

Given the proven safety, flexibility and customizability of our DepoFoam platform for acute, sub-acute and chronic pain applications, we have additional DepoFoam-based products in preclinical development. Following data readouts from animal and other feasibility studies for these candidates, we have prioritized two programs for clinical development: (i) the intrathecal delivery of a DepoFoam-based analgesic for acute and chronic pain and (ii) DepoDexmedetomidine, a sedative-analgesic for end-of-life pain and painful conditions in the elderly.

We plan to invest in clinical initiatives to broaden the scope of iovera° applications and improve its functionality for current and future end users. This will be accomplished through enhancements across the product line, which is comprised of single-use disposable units as well as non-disposable handheld devices.

In parallel, our business development team continues to pursue innovative acquisition targets that align with our strategy and are complementary to EXPAREL and iovera° by thoughtfully pursuing adjacent opportunities that are of great interest to the surgical and anesthesia audiences we are already calling on today. Our goal is to build a portfolio of customer-focused non-opioid and regenerative health solutions to improve patients' journeys along the neural pain pathway.

Results of Operations

Comparison of the Three Months Ended March 31, 2020 and 2019

Revenues

Net product sales consist of sales of EXPAREL in the U.S., our bupivacaine liposome injectable suspension to Aratana Therapeutics, Inc., or Aratana, for veterinary use in the U.S. and sales of iovera° in the U.S. Licensing, milestone and royalty revenues are from our collaborative licensing agreements.

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

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Net product sales:			
EXPAREL	$ 101,269	$ 90,615	12%
Bupivacaine liposome injectable suspension	1,206	291	100% +
Total EXPAREL / bupivacaine liposome injectable suspension net product sales	102,475	90,906	13%
iovera°	2,270	—	N/A
Total net product sales	104,745	90,906	15%
Royalty revenue	939	407	100% +
Total revenues	$ 105,684	$ 91,313	16%

The 12% increase in net product sales of EXPAREL in the three months ended March 31, 2020 versus 2019 was primarily due to an 11% increase in unit volume and a 6% increase in gross selling price per unit. These increases were partially offset by changes in the sales mix of EXPAREL vial sizes. The demand for EXPAREL has generally continued to increase as a result of a number of key growth initiatives, such as the expansion of the use of EXPAREL to include brachial plexus nerve block, the success of our co-promotion agreement with DePuy Synthes, and the continued implementation of EXPAREL-based opioid-sparing ERAS protocols across a wide range of soft tissue and orthopedic surgical procedures. Net product sales of EXPAREL were impacted during the second half of March 2020 as a result of the suspension of elective surgical procedures related to the COVID-19 pandemic. There was also an increase in sales of our bupivacaine liposome injectable suspension to Aratana for veterinary use in the three months ended March 31, 2020.

As part of the MyoScience Acquisition, we acquired the iovera° system and began recognizing net product sales in April 2019. Net product sales were $2.3 million for the three months ended March 31, 2020. Thus far, we have seen the greatest iovera° demand as pain relief for patients in advance of TKA procedures and in chronic pain management, particularly for people with mild to severe osteoarthritis of the knee. We began to experience an impact to iovera° sales from the COVID-19 pandemic in the second half of March 2020.

We expect that the suspension of elective surgeries will impact our future sales of EXPAREL and iovera° until governmental action and patient or clinical decisions enable the resumption of elective medical procedures.

Royalty revenue reflects the royalties earned on sales to Aratana. Royalty revenue increased by more than 100% in the three months ended March 31, 2020 versus 2019 as a result of the timing of orders placed by Aratana.

The following tables provide a summary of activity with respect to our sales related allowances and accruals related to EXPAREL for the three months ended March 31, 2020 and 2019 (in thousands):

March 31, 2020	Returns Allowances	Prompt Payment Discounts	Wholesaler Service Fees	Volume Rebates and Chargebacks	Total
Balance at December 31, 2019	$ 540	$ 962	$ 1,486	$ 1,816	$ 4,804
Provision	194	2,106	1,586	2,550	6,436
Payments / Adjustments	(125)	(2,307)	(2,088)	(2,858)	(7,378)
Balance at March 31, 2020	$ 609	$ 761	$ 984	$ 1,508	$ 3,862

March 31, 2019	Returns Allowances	Prompt Payment Discounts	Wholesaler Service Fees	Volume Rebates and Chargebacks	Total
Balance at December 31, 2018	$ 344	$ 779	$ 1,167	$ 1,010	$ 3,300
Provision	173	1,873	1,418	1,959	5,423
Payments / Adjustments	(141)	(1,829)	(1,741)	(1,685)	(5,396)
Balance at March 31, 2019	$ 376	$ 823	$ 844	$ 1,284	$ 3,327

Total reductions to gross product sales from sales-related allowances and accruals were $6.4 million and $5.4 million, or 5.8% and 5.6% of gross product sales, for the three months ended March 31, 2020 and 2019, respectively. The overall increase in sales-related allowances and accruals as a percentage of gross product sales was directly related to an increase in discounting driven by higher sales volume from customers with discount contracts.

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, royalty payments, quality control and engineering.

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

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Cost of goods sold	$ 29,732	$ 27,303	9%
Gross margin	72 %	70 %	

Gross margin improved two percentage points in the three months ended March 31, 2020 versus 2019. A four percentage point improvement is due to manufacturing efficiencies at our Science Center Campus in San Diego, California, which were partially offset by a two percentage point decrease as a result of unplanned downtime at our custom manufacturing suite in Swindon, England (under our partnership with Thermo Fisher Scientific Pharma Services, or Thermo Fisher).

Despite shelter-in-place orders to combat the COVID-19 pandemic in California and England, there were no interruptions to our EXPAREL operations at either the Science Center Campus or Swindon manufacturing sites as the production of EXPAREL is considered essential. Our Fremont, California facility, where we manufacture iovera°, was closed for three weeks in March 2020 to implement safety protocols and guidelines related to the COVID-19 pandemic. The Fremont facility resumed normal operations in April 2020.

Research and Development Expenses

Research and development expenses primarily consist of costs related to clinical trials and related outside services, product development and other research and development costs, including Phase 4 trials that we are conducting to generate new data for EXPAREL 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, 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 expenses 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.

The following table provides a breakout of our research and development expenses during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Clinical and preclinical development	$ 6,359	$ 5,787	10%
Product development and manufacturing capacity expansion	6,605	6,403	3%
Regulatory and other	1,669	976	71%
Stock-based compensation	1,186	1,218	(3)%
Total research and development expense	$ 15,819	$ 14,384	10%
% of total revenues	15 %	16 %	

Total research and development expense increased 10% in the three months ended March 31, 2020 versus 2019.

The 10% increase in clinical and preclinical development expense in the three months ended March 31, 2020 versus 2019 is due to the enrollment and completion of our PEC Block (Breast Augmentation) clinical trial, ongoing enrollment in our Phase 4 Spine (“FUSION”) clinical trial as well as startup activities related to both our Lower Extremity Nerve Block (“STRIDE”) study and a Phase 1 intrathecal clinical trial to evaluate the safety and pharmacokinetics of EXPAREL administered via a single intrathecal injection. These increases were partially offset by the completion of our Phase 3 Pediatric (“PLAY”) clinical trial, our Phase 4 Opioid-Free C-Section (“CHOICE”) clinical trial and our Phase 4 C-Section clinical trial. Due to the COVID-19 pandemic, clinical trial activities are currently delayed or experiencing suspended enrollment as a result of the suspension of elective surgical procedures. As a result, we anticipate a reduction in expenditures related to most of our clinical trial activities in the near-term.

Product development and manufacturing capacity expansion expense increased 3% in the three months ended March 31, 2020 versus 2019. These amounts primarily consist of costs related to the significant scale-up of our manufacturing capacity at the Thermo Fisher site in Swindon, England.

Regulatory and other expense increased 71% in the three months ended March 31, 2020 versus 2019 due to activities related to our European Marketing Authorization Application, or MAA, for EXPAREL and the dissemination and publication of EXPAREL and iovera° data in response to medical information queries.

Stock-based compensation decreased by 3% in the three months ended March 31, 2020 versus 2019 due to fewer equity awards outstanding to research and development personnel.

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, commission payments to our marketing partners for the promotion and sale of EXPAREL and iovera°, expenses related to communicating the health outcome benefits of EXPAREL and educational programs for our customers. 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 our selling, general and administrative expenses during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Sales and marketing	$ 27,912	$ 31,556	(12)%
General and administrative	10,426	10,624	(2)%
Stock-based compensation	6,442	5,125	26%
Total selling, general and administrative expense	$ 44,780	$ 47,305	(5)%
% of total revenues	42 %	52 %	

Total selling, general and administrative expenses decreased 5% in the three months ended March 31, 2020 versus 2019.

Sales and marketing expenses decreased 12% in the three months ended March 31, 2020 versus 2019. The decrease was primarily driven by a decline in commissions related to our co-promotion agreement with DePuy Synthes as a result of the suspension of elective surgeries due to the COVID-19 pandemic. The decrease was partially offset by additional selling and promotional activities to support the growth of EXPAREL, including expanding our team in the field in order to support our growth plan, initiatives related to our co-promotion agreement with DePuy Synthes and additional marketing spend related to ambulatory and dental reimbursement codes. We are continuing our marketing investment in EXPAREL—including educational initiatives and programs related to the impact of opioids and postsurgical pain management and our national advocacy campaign designed to educate patients about non-opioid treatment options. Additionally, we have continued investing in marketing initiatives and customer outreach for iovera°.

In the near-term, we expect reductions in sales and marketing expenditures, including, but not limited to, those resulting from a decline in commissions related to our co-promotion agreement with DePuy Synthes, the cancellations of in-person industry conferences and the suspension of non-essential employee travel.

General and administrative expenses decreased 2% in the three months ended March 31, 2020 versus 2019. The decrease was primarily due to an insurance recovery of $2.1 million for legal expenditures related to our Department of Justice inquiry, which was partially offset by expenditures to support the expansion of the business following the MyoScience Acquisition.

Stock-based compensation increased 26% in the three months ended March 31, 2020 versus 2019, primarily due to an increase in personnel and the number of equity grants awarded.

Amortization of Acquired Intangible Assets

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

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Amortization of acquired intangible assets	$ 1,967	$ —	N/A

As part of the MyoScience Acquisition we acquired intangible assets consisting of developed technology and customer relationships, with estimated useful lives of 14 and 10 years, respectively. Amortization began in the second quarter of 2019 on a straight-line basis. For more information, see Note 8, *Goodwill and Intangible Assets*, to our condensed consolidated financial statements included herein.

Acquisition-Related (Gains) Charges and Product Discontinuation

The following table provides a summary of the costs related to the MyoScience Acquisition and our DepoCyt(e) discontinuation activities during the periods indicated, including percent changes (dollar amounts in thousands):

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Acquisition-related (gains) charges	$ (3,739)	$ 1,213	N/A
Product discontinuation	31	29	7%
Total acquisition-related (gains) charges and product discontinuation, net	$ (3,708)	$ 1,242	N/A

As part of the MyoScience Acquisition, we recognized a gain of $3.7 million and charges of $1.2 million in the three months ended March 2020 and 2019, respectively. Of the total for the three months ended March 31, 2020, a $3.9 million decrease in the fair value of contingent consideration was recorded as a result of the impact of the COVID-19 pandemic and the reduced likelihood that certain commercial milestones will be achieved within the eligible timeframe. This decrease was partially offset by $0.2 million in legal, accounting and tax services. The $1.2 million for the three months ended March 31, 2019 represented advisory costs, including legal, financial, accounting and tax services.

In both of the three month periods ended March 31, 2020 and 2019, we recorded charges of less than $0.1 million related to the discontinuation of our DepoCyt(e) manufacturing activities for contract and exit costs.

Other Income (Expense)

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

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Interest income	$ 1,589	$ 2,156	(26)%
Interest expense	(6,022)	(5,814)	4%
Other, net	(4,104)	61	N/A
Total other expense, net	$ (8,537)	$ (3,597)	100% +

Total other expense, net increased by more than 100% in the three months ended March 31, 2020 versus 2019, primarily due to a $4.0 million unrealized loss on our equity investment in TELA Bio, Inc., or TELA Bio, due to its significant decrease in market value as of March 31, 2020. There was also more amortization of the discount on our 2.375% convertible senior notes due 2022, or 2022 Notes, and a decrease in interest income due to a decline in interest rates.

Income Tax Expense

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

	Three Months Ended March 31,		% Increase / (Decrease)
	2020	2019	
Income tax expense	$ 398	$ 253	N/A
Effective tax rate	5 %	(10)%	

For the three months ended March 31, 2020 and 2019, we recorded income tax expense of $0.4 million and $0.3 million, respectively. The income tax expense for the three months ended March 31, 2020 and 2019 reflects current state income taxes. Due to net operating losses, or NOLs, carried forward, and the repeal of the corporate minimum tax, no current federal income tax expense was recorded for 2020 or 2019. The utilization of our NOLs has not resulted in any deferred federal tax expense because there was a full valuation allowance recorded with respect to the NOLs.

Liquidity and Capital Resources

Since our inception in December 2006, we have devoted most of our cash resources to manufacturing, research and development and selling, general and administrative activities related to the development and commercialization of EXPAREL. In addition, we acquired iovera° as part of the MyoScience Acquisition in April 2019. We are highly dependent on the commercial success of EXPAREL, which we launched in April 2012. We have financed our operations primarily with cash generated from product sales, the proceeds from the sale of equity and debt securities, borrowings under prior debt facilities and collaborative licensing and milestone revenue. As of March 31, 2020, we had an accumulated deficit of $391.2 million, cash and cash equivalents, short-term and long-term investments of $353.6 million and working capital of $351.3 million.

As discussed above, we anticipate that the COVID-19 pandemic will result in a reduction of certain commercial and clinical expenditures which would offset some of the revenue impact caused by the COVID-19 pandemic. We currently expect that our cash, short-term and long-term investments on hand will be adequate to cover any potential short-term liquidity needs, and that we would be able to access other sources of financing should the need arise.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law in response to the COVID-19 pandemic. The CARES Act, among other things, allows for certain measures to increase liquidity for businesses such as the deferral of employer payroll taxes, a tax credit for retaining employees and other provisions. We are continuing to evaluate the overall impact of the CARES Act on our business. We currently expect to benefit from the provision to defer the

payment of certain employer payroll taxes of approximately $4.0 million for calendar year 2020, with half of these payments due at each of December 31, 2021 and December 31, 2022, respectively.

Summary of Cash Flows

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated (in thousands):

	Three Months Ended March 31,	
Condensed Consolidated Statement of Cash Flows Data:	**2020**	**2019**
Net cash provided by (used in):		
Operating activities	$ 6,208	$ 3,499
Investing activities	(28,566)	78,481
Financing activities	(1,281)	530
Net (decrease) increase in cash and cash equivalents	$ (23,639)	$ 82,510

Operating Activities

During the three months ended March 31, 2020, net cash provided by operating activities was $6.2 million compared to $3.5 million during the three months ended March 31, 2019. The increase of $2.7 million was primarily attributable to a 12% increase in net product sales of EXPAREL. This increase was partially offset by increased expenditures related to our ongoing clinical trials, our European MAA for EXPAREL, growing a team of account managers focused on the outpatient market for EXPAREL as well as marketing initiatives and customer outreach for iovera°.

Investing Activities

During the three months ended March 31, 2020, net cash used in investing activities was $28.6 million, which reflected $21.8 million of short-term and long-term investment purchases (net of maturities) and purchases of fixed assets of $6.7 million. Major fixed asset purchases included equipment for a new EXPAREL capacity expansion project at our Science Center Campus.

During the three months ended March 31, 2019, net cash provided by investing activities was $78.5 million, which reflected $80.5 million of short-term investment maturities (net of purchases), partially offset by purchases of fixed assets of $2.0 million. Major fixed asset purchases included continuing expenditures for expanding our EXPAREL manufacturing capacity in Swindon, England in partnership with Thermo Fisher, and facility upgrades at our Science Center Campus.

Financing Activities

During the three months ended March 31, 2020, net cash used in financing activities was $1.3 million, which consisted of $4.7 million of contingent consideration payments made to MyoScience securityholders, partially offset by proceeds from the exercise of stock options of $3.5 million.

During the three months ended March 31, 2019, net cash provided by financing activities was $0.5 million, which consisted of proceeds from the exercise of stock options of $1.1 million, partially offset by $0.6 million of payments made to retire our 3.25% convertible senior notes due 2019.

2022 Convertible Senior Notes

On March 13, 2017, we completed a private placement of $345.0 million in aggregate principal amount of our 2022 Notes, and entered into an indenture, or 2022 Indenture, with respect to the 2022 Notes. The 2022 Notes accrue interest at a fixed rate of 2.375% per annum, payable semiannually in arrears on April 1 and October 1 of each year. The 2022 Notes mature on April 1, 2022. At March 31, 2020, the outstanding principal on the 2022 Notes was $345.0 million.

On or after October 1, 2021, until the close of business on the second scheduled trading day immediately preceding April 1, 2022, holders may convert their 2022 Notes at any time. Upon conversion, holders will receive the principal amount of their 2022 Notes and any excess conversion value. For both the principal and excess conversion value, holders may receive cash, shares of our common stock or a combination of cash and shares of our common stock, at our option. The initial conversion rate

for the 2022 Notes is 14.9491 shares of common stock per $1,000 principal amount, which is equivalent to an initial conversion price of approximately $66.89 per share of our common stock. The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest.

Prior to the close of business on the business day immediately preceding October 1, 2021, holders may convert the 2022 Notes under certain circumstances, including if during any given calendar quarter, our stock price closes at or above 130% of the conversion price then applicable during a period of at least 20 out of the last 30 consecutive trading days of the previous quarter.

While the 2022 Notes are currently classified on our consolidated balance sheet at March 31, 2020 as long-term debt, the future convertibility and resulting balance sheet classification of this liability will be monitored at each quarterly reporting date and will be analyzed dependent upon market prices of our common stock during the prescribed measurement periods. In the event that the holders of the 2022 Notes have the right to convert the 2022 Notes at any time during the prescribed measurement period, the 2022 Notes would then be considered a current obligation and classified as such.

As of April 1, 2020, we may redeem for cash, shares of our common stock or a combination of cash and shares of our common stock, at our option, all or part of the 2022 Notes if the last reported sale price (as defined in the 2022 Indenture) of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period ending within five trading days prior to the date on which we provide notice of redemption.

See Note 9, *Debt*, to our condensed consolidated financial statements included herein for further discussion of the 2022 Notes.

Future Capital Requirements

We believe that our existing cash and cash equivalents, short-term and long-term investments and cash received from product sales will be sufficient to enable us to fund our operating expenses, capital expenditure requirements, payment of the principal on any conversions of our 2022 Notes and to service our indebtedness through at least May 7, 2021. Our future use of operating cash and capital requirements will depend on many forward-looking factors, including, but not limited to, the following:

- the impact of the COVID-19 pandemic, including the amounts and delays of suspended surgical procedures, clinical trials and general economic conditions;
- our ability to successfully continue to expand the commercialization of EXPAREL, including outside of the U.S.;
- the costs of expanding the commercialization of iovera°, including outside of the U.S.;
- the cost and timing of expanding our manufacturing facilities for EXPAREL and other product candidates, including the construction of an additional manufacturing suite at Thermo Fisher’s facility in Swindon, England and an EXPAREL capacity expansion project at our Science Center Campus;
- the cost and timing of potential milestone payments to MyoScience security holders, which could be up to an aggregate of $68.0 million if certain regulatory and commercial milestones are met, which includes a milestone payment of $10.0 million to be paid in the second quarter of 2020;
- the cost and timing of potential milestone payments to Skyepharma, which could be up to an aggregate of $36.0 million if certain milestones pertaining to net sales of DepoBupivacaine products, including EXPAREL, are met, or upon the first commercial sale in the United Kingdom, France, Germany, Italy or Spain;
- the timing of and extent to which the holders of our 2022 Notes elect to convert their notes;
- costs related to legal and regulatory issues;
- the costs of performing additional clinical trials for EXPAREL, including the pediatric trials required by the FDA as a condition of approval;
- the costs of performing additional clinical trials for iovera°;
- the costs for the development and commercialization of other product candidates; and
- the extent to which we acquire or invest in products, businesses and technologies.

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.

Off-Balance Sheet Arrangements

Other than one lease agreement that has not yet commenced for which there are future obligations, we do not have any material off-balance sheet arrangements as of March 31, 2020, nor do we have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities.

Critical Accounting Policies and Use of Estimates

See Note 2, *Summary of Significant Accounting Policies*, to our condensed consolidated financial statements included herein for a discussion of recently issued accounting pronouncements and their impact or future potential impact on our financial results, if determinable. For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our consolidated financial statements, refer to our most recent Annual Report on Form 10-K for the year ended December 31, 2019.

Contractual Obligations

There have been no material changes in our contractual obligations relating to our indebtedness, lease obligations and purchase obligations from those reported in our Annual Report on Form 10-K for the year ended December 31, 2019. For more information on our contractual obligations and commercial commitments, see Part II, Item 7 in our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 3. *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 and asset-backed securities, 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 reduced the fair value of our available-for-sale securities at March 31, 2020 by approximately $1.8 million.

We have an equity investment in the common stock of TELA Bio (traded on the Nasdaq Global Select Market under the ticker symbol “TELA”). Changes in the stock price of TELA Bio will affect the value of our investment, and we could incur realized or unrealized losses on all or a part of the value of this investment. At March 31, 2020, the value of our investment in TELA Bio was $6.1 million. A hypothetical 10% decrease in the market price of TELA Bio stock would have caused a decrease in our carrying amount by $0.6 million. See Note 10, *Financial Instruments*, to our condensed consolidated financial statements included herein for additional information on our investment in TELA Bio.

In March 2017, we issued $345.0 million in aggregate principal amount of our 2022 Notes, which mature in April 2022. Holders may convert their 2022 Notes prior to maturity under certain circumstances. Upon conversion, holders will receive the principal amount of the 2022 Notes and any excess conversion value in cash, shares of our common stock or a combination of cash and shares, at our option. The fair value of the 2022 Notes is impacted by both the fair value of our common stock and interest rate fluctuations. As of March 31, 2020, the estimated fair value of the 2022 Notes was $960 per $1,000 principal amount. See Note 9, *Debt*, to our condensed consolidated financial statements included herein for further discussion of the 2022 Notes. At March 31, 2020, all $345.0 million of principal remains outstanding on the 2022 Notes.

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 4. ***CONTROLS AND PROCEDURES***

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our management, including our Chief Executive Officer and Chairman and our Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. As defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, disclosure controls and procedures are controls and other procedures which are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chairman and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

On April 9, 2019, we acquired MyoScience (now Pacira CryoTech, Inc., or CryoTech). As such, the scope of our assessment of the effectiveness of our disclosure controls and procedures did not include the internal control over financial reporting of CryoTech. These exclusions are consistent with the SEC Staff's guidance that an assessment of a recently acquired business may be omitted from the scope of our assessment of the effectiveness of disclosure controls and procedures that are also part of internal control over financial reporting in the 12 months following the acquisition. CryoTech legacy systems continue to be used for inventory and costs of goods sold for the three months ended March 31, 2020, which accounted for less than 1% of the Company's assets and less than 5% of its cost of goods sold.

Based on that evaluation, our Chief Executive Officer and Chairman and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2020.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the Chief Executive Officer and Chairman and our Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II — OTHER INFORMATION

Item 1. *LEGAL PROCEEDINGS*

From time to time, we have been and may again become involved in legal proceedings arising in the ordinary course of our business. Except as described below, we are not presently a party to any litigation or legal proceedings that we believe to be material and we are not aware of any pending or threatened litigation against us that we believe could have a material adverse effect on our business, operating results, financial condition or cash flows.

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. We are cooperating with the government's inquiry. We can make no assurances as to the time or resources that will need to be devoted to this inquiry or its final outcome.

In December 2019, we reached an agreement in principle with the Department of Justice and more than one state Attorney General's office (the "Plaintiffs") on a proposal for a global civil settlement in the amount of $3.5 million, subject to accrual of interest on the settlement amount from the date of the agreement in principle, negotiation of a definitive settlement agreement and other contingencies. As part of the settlement, Pacira will admit no wrongdoing and will explicitly deny the Plaintiffs' allegations. Pacira has been given assurances that, if the parties can agree to negotiation of the settlement, this will conclude the investigation that originated from the U.S. Department of Justice subpoena in April 2015.

Item 1A. *RISK FACTORS*

You should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, which could materially affect our business, financial condition, cash flows or future results. Except as set forth below, there have been no material changes in our risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2019. The risks described in our Annual Report on Form 10-K for the year ended December 31, 2019 and those set forth below 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.

A pandemic, epidemic or outbreak of a contagious disease (such as the novel coronavirus (COVID-19) pandemic), 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, including the current COVID-19 pandemic, 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 issues and delays in payments by our customers. For example, as a result of the COVID-19 pandemic, elective surgeries have been suspended since the second half of March 2020 in many jurisdictions, and it is unknown when such elective surgeries will resume, whether due to governmental restrictions, patient or clinical decisions or general economic conditions. A prolonged suspension of elective surgeries by governmental restrictions or action would cause net sales of our products to decrease. In addition, due to health concerns from the COVID-19 pandemic or negative economic conditions, patients and clinicians could cancel or defer elective procedures or otherwise avoid medical treatment, which would result in reduced patient volumes and revenues, which 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 ongoing COVID-19 pandemic has required our sales representatives to work from home and has prevented them from the usual practice of calling on our customers and healthcare professionals in person in a healthcare setting, including hospitals and ambulatory surgical centers. In addition, any temporary closures of our manufacturing facilities or the facilities of our suppliers and contract manufacturers (and the resulting impact on production or our products) or the workforce at such facilities, 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.

Ultimately, the extent to which COVID-19 or other 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, public reactions to these factors and more.

The extent to which COVID-19 impacts our business, revenues and results of operations will depend on future developments, which are highly uncertain, constantly changing and cannot be predicted. This includes new information that may emerge concerning the severity of COVID-19, the spread and proliferation of COVID-19 around the world, the duration of the outbreak and the actions taken to contain COVID-19 or treat its impact, among others.

Item 2. ***UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***

None.

Item 3. ***DEFAULTS UPON SENIOR SECURITIES***

None.

Item 4. ***MINE SAFETY DISCLOSURES***

Not applicable.

Item 5. ***OTHER INFORMATION***

Not applicable.

Item 6. *EXHIBITS*

The exhibits listed below are filed or furnished as part of this report.

Exhibit Number	Description
10.1	Executive Employment Agreement, dated June 19, 2019, between the Registrant and Max Reinhardt.†
10.2	Executive Employment Agreement, dated April 24, 2017, between the Registrant and Roy Winston.†
10.3	Fourth through Eleventh Amendments to Commercial Outsourcing Services Agreement, between the Registrant and Integrated Commercialization Solutions, Inc.#
31.1	Certification of Chief Executive Officer and Chairman pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a), as amended.*
32.1	Certification of Chief Executive Officer and Chairman 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.**
101	The following materials from the Quarterly Report on Form 10-Q of Pacira BioSciences, Inc. for the quarter ended March 31, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss); (iv) the Condensed Consolidated Statements of Stockholders' Equity; (v) the Condensed Consolidated Statements of Cash Flows; and (vi) the Condensed Notes to Consolidated Financial Statements.*
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.

Certain portions of the exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the Company if publicly disclosed.

SIGNATURES

Pursuant to the requirements 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.
(REGISTRANT)

Dated: May 7, 2020

/s/ DAVID STACK

David Stack

Chief Executive Officer and Chairman

(Principal Executive Officer)

Dated: May 7, 2020

/s/ CHARLES A. REINHART, III

Charles A. Reinhart, III

Chief Financial Officer

(Principal Financial Officer)

Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement"), is entered into as of June 19, 2019 (the "Effective Date"), by and between Pacira Pharmaceuticals, Inc., a California corporation (the "Company"), and Max Reinhardt (the "Executive").

RECITALS

WHEREAS, the Company wishes to employ the Executive, and the Executive desires to be employed by the Company, for such purpose and upon the terms and conditions hereinafter provided; and

WHEREAS, the parties wish to establish the terms of the Executive's future employment with the Company and set out fully their respective rights, obligations and duties.

AGREEMENT

In consideration of the promises and the terms and conditions set forth in this Agreement, the parties agree as follows:

1. Title and Capacity. The Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts continued employment with the Company, under the terms set forth in this Agreement. The Executive will serve as the President and shall perform such duties as are ordinary, customary and necessary in such role. The Executive will report directly to the Chief Executive Officer and Chairman. The Executive shall devote his full business time, skill and attention to the performance of his duties on behalf of the Company.

2. Compensation and Benefits.

(a) Salary. The Company agrees to pay the Executive an annual base salary of Five Hundred Twenty Thousand Dollars ($520,000) payable in accordance with Company's customary payroll practice (the "Base Salary"). The Executive's Base Salary shall be reviewed periodically by the Board of Directors of the Company (the "Board"); *provided*, *however*, that any such review will not necessarily result in an adjustment to the Executive's Base Salary. Any change in the Executive's Base Salary must be approved by the Board.

(b) Bonus. The Executive is eligible to receive, in addition to the Base Salary and subject to the terms hereof and at the full discretion of the Board, a targeted incentive bonus of Fifty percent (50%) of Base Salary (the "Targeted Incentive Bonus"). The Targeted Incentive Bonus shall be based on the Executive's and the Company's performance during the applicable fiscal year, as determined by the Board. The Targeted Incentive Bonus criteria or "goals" will be determined by agreement between the Board and the Executive at beginning of each fiscal year. The award of the Target Incentive Bonus may be in an amount either above or below the amount specified by the Board at the beginning of each fiscal year based on the ultimate performance assessed by the Board.

Targeted Incentive Bonuses shall be determined and approved by the Board in its sole discretion.

All salary and bonuses shall be subject to all applicable withholdings and deductions.

(c) Stock Options and Restricted Stock Units. Company will grant to the Executive a stock option ("Option") to purchase an aggregate of Two Hundred Thousand (200,000) shares of the Company's common stock, $0.001 par value per share (along with any subsequent grants, the "Option Shares"), pursuant to the Company's Amended and Restated 2011 Stock Option/Stock Issuance (the "Plan"). The exercise price, vesting schedule and other terms for the Option will be set forth in the notice of grant and option agreement for such Option and the Option is subject to accelerated vesting as set forth in Section 3 hereof. Additional equity incentives, if any, shall be determined by the Board (or a committee thereof) in its sole discretion. All share figures set forth herein shall be subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations and similar events.

(d) Benefits. The Executive (and, where applicable, the Executive's qualified dependents) will be eligible to participate in health insurance and other employee benefit plans and policies established by the Company for its executive team from time to time on substantially the same terms as are made available to other such employees of the Company generally. The Executive's participation (and the participation of the Executive's qualified dependents) in the Company's benefit plans and policies will be subject to the terms of the applicable plan documents and the Company's generally applied

policies, and the Company in its sole discretion may from time to time adopt, modify, interpret or discontinue such plans or policies.

(e) Expenses. The Company will reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the Company's business, in accordance with the applicable Company policy as may be amended from time to time.

(f) Vacation and Holidays. The Executive shall be eligible for thirty (30) days' paid vacation/flexible time off per calendar year subject to the applicable terms and conditions of the Company's vacation policy and applicable law.

(g) Termination of Benefits. Except as set forth in Section 3 or as otherwise specified herein or in any other agreement between the Executive and the Company, if the Executive's employment is terminated by the Company for any reason, with or without Cause (as defined below), or if the Executive resigns the Executive's employment voluntarily, with or without Good Reason (as defined below), no compensation or other payments will be paid or provided to the Executive for periods following the date when such a termination of employment is effective, provided that any rights the Executive may have under the Company's benefit plans shall be determined under the provisions of such plans. If the Executive's employment terminates as a result of the Executive's death or disability, no compensation or payments will be made to the Executive other than those to which the Executive may otherwise be entitled under the benefit plans of the Company.

3. Compensation and Benefits Upon Termination of Employment. Upon termination of the Executive's employment (such date of termination being referred to as the "Termination Date"), the Company will pay the Executive the compensation and benefits as described in this Section 3.

(a) General Benefits Upon Termination. The Company will pay the Executive on or about the Termination Date all salary and vacation/personal time off pay, if any, that has been earned or accrued through the Termination Date and that has not been previously paid.

(b) Termination without "Cause" or for "Good Reason". In the event that the Company terminates the Executive's employment without Cause (as defined below) after the first anniversary of the Effective Date or, in the event the Executive terminates his employment for Good Reason (as defined below), in each case, (i) the Executive shall be entitled to receive (A) continuing payments of the then effective Base Salary for a period of nine (9) months beginning on the Payment Commencement Date and payable in accordance with the Company's payroll policies and (B) the benefits set forth in Section 3(e), and (ii) the Executive shall be entitled to acceleration of vesting of such number of Option Shares and time based restricted stock unit grants then held by Executive as would have vested in the nine (9)month period following the Termination Date had the Executive continued to be employed by the Company for such period, *provided*, *however* that in each case the receipt of such payments and benefits is expressly contingent upon the Executive's execution and delivery of a severance and release of claims agreement drafted by and satisfactory to counsel for the Company (the "Release") which Release must be executed and become effective within sixty (60) days following the Termination Date. The payments and benefits shall be paid or commence on the first payroll period following the date the Release becomes effective (the "Payment Commencement Date"). Notwithstanding the foregoing, if the 60th day following the Termination Date occurs in the calendar year following the termination, then the Payment Commencement Date shall be no earlier than January 1st of such subsequent calendar year. The provision of payments and benefits pursuant to this Section shall be subject to the terms and conditions set forth on Exhibit A.

(c) Termination without "Cause" or for "Good Reason" Prior to or Following a Change of Control. In the event that the Company terminates the Executive's employment without Cause (as defined below) or, in the event the Executive terminates his employment for Good Reason (as defined below), in each case, within thirty (30) days prior to, or twelve (12) months following, the consummation of a Change of Control, then (i) the Executive shall be entitled to receive (A) continuing payments of the then effective Base Salary for a period of twelve (12) months beginning on the Payment Commencement Date and payable in accordance with the Company's payroll policies, (B) in lieu of the Targeted Incentive Bonus, a bonus payment in the amount of Fifty percent (50%) of Executive's then current Base Salary payable in one lump sum on the Payment Commencement Date and (C) the benefits set forth in Section 3(e), and (ii) acceleration of vesting of one hundred percent (100%) of the then unvested Option Shares and time-based restricted stock unit grants then held by Executive, provided, however that in each case: (x), the receipt of such payments and benefits is expressly contingent upon the Executive's execution and delivery of a Release as described above drafted by and satisfactory to counsel for the Company, which Release must be executed and become effective within sixty (60) days following the Termination Date. The provision of payments and benefits pursuant to this Section shall be subject to the terms and conditions set forth in Exhibit A.

(d) Definitions.

(i) "Change of Control" means (A) a merger or consolidation of either the Company or Pacira, Inc., a Delaware corporation ("Parent") into another entity in which the stockholders of the Company or Parent (as applicable)

do not control fifty percent (50%) or more of the total voting power of the surviving entity (other than a reincorporation merger); (B) the sale, transfer or other disposition of all or substantially all of the Company's assets in liquidation or dissolution of the Company; or (C) the sale or transfer of more than fifty percent (50%) of the outstanding voting stock of the Company. In the case of each of the foregoing clauses (A), (B) and (C), a Change of Control as a result of a financing transaction of the Company or Parent shall not constitute a Change of Control for purposes of this Agreement

(ii) "Cause" means (A) the Executive's failure to substantially perform his duties to the Company after there has been delivered to the Executive written notice setting forth in detail the specific respects in which the Board believes that the Executive has not substantially performed his duties and, if the Company reasonably considers the situation to be correctable, a demand for substantial performance and opportunity to cure, giving the Executive thirty (30) calendar days after he receives such notice to correct the situation; (B) the Executive's having engaged in fraud, misconduct, dishonesty, gross negligence or having otherwise acted in a manner injurious to the Company or in intentional disregard for the Company's best interests; (C) the Executive's failure to follow reasonable and lawful instructions from the Board and the Executive's failure to cure such failure after receiving twenty (20) days advance written notice; (D) the Executive's material breach of the terms of this Agreement or the Employee Proprietary Information and Inventions Assignment Agreement or any other similar agreement that may be in effect from time to time; or (E) the Executive's conviction of, or pleading guilty or nolo contendere to, any misdemeanor involving dishonesty or moral turpitude or related to the Company's business, or any felony.

(iii) "Good Reason" means the occurrence of any one or more of the following events without the prior written consent of the Executive: (A) any material reduction of the then effective Base Salary other than in accordance with this Agreement or which reduction is not related to a cross-executive team salary reduction; (B) any material breach by the Company of this Agreement; or (C) a material reduction in the Executive's responsibilities or duties, provided that in the case of clause (C), a mere reassignment following a Change of Control to a position that is substantially similar to the position held prior to the Change of Control transaction shall not constitute a material reduction in job responsibilities or duties; provided, however, that no such event or condition shall constitute Good Reason unless (x) the Executive gives the Company a written notice of termination for Good Reason not more than ninety (90) days after the initial existence of the condition, (y) the grounds for termination (if susceptible to correction) are not corrected by the Company within thirty (30) days of its receipt of such notice and (z) the Termination Date occurs within one (1) year following the Company's receipt of such notice.

(e) Benefits Continuation. If the Executive's employment is terminated pursuant to Section 3(b) or Section 3(c) and provided that the Executive is eligible for and elects to continue receiving group health and dental insurance pursuant to the federal "COBRA" law, 29 U.S.C. § 1161 et seq., the Company will, for a twelve (12) month period following the Payment Commencement Date (the "Benefits Continuation Period"), continue to pay the share of the premium for such coverage that is paid by the Company for active and similarly-situated employees who receive the same type of coverage. The remaining balance of any premium costs shall be paid by the Executive on a monthly basis for as long as, and to the extent that, the Executive remains eligible for COBRA continuation. Notwithstanding the above, in the event the Executive becomes eligible for health insurance benefits from a new employer during the Benefits Continuation Period, the Company's obligations under this Section 3(e) shall immediately cease and the Executive shall not be entitled to any additional monthly premium payments for health insurance coverage. Similarly, in the event the Executive becomes eligible for dental insurance benefits from a new employer during the Benefits Continuation Period, the Company's obligations under this Section 3(e) shall immediately cease and the Executive shall not be entitled to any additional monthly premium payments for dental insurance. The Executive hereby represents that he will notify the Company in writing within three (3) days of becoming eligible for health or dental insurance benefits from a new employer during the Benefits Continuation Period.

(f) Death. This Agreement shall automatically terminate upon the death of the Executive and all monetary obligations of Company under Section 2 of this Agreement shall be prorated to the date of death and paid to the Executive's estate.

(g) Disability. The Company may terminate the Executive's employment if the Executive is unable to perform any of the duties required under this Agreement for a period of three (3) consecutive months due to a "Total and Permanent Disability". The term "Total and Permanent Disability" shall mean the existence of a permanent physical or mental illness or injury, which renders the Executive incapable of performing any material obligations or terms of this Agreement. Any dispute regarding the existence of a Total and Permanent Disability shall be resolved by a panel of three (3) physicians, one selected by Company, one selected by the Executive, and the third selected by the other two physicians. A termination of employment pursuant to this Section 3(f) shall constitute a termination for Cause.

4. At-Will Employment. The Executive will be an "at-will" employee of the Company, which means the employment relationship can be terminated by either the Executive or the Company for any reason, at any time, with or without prior notice and with or without cause. The Company makes no promise that the Executive's employment will continue for any particular period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus, if any, shall alter the Executive's status as an "at-will" employee or create any implied contract of employment.

Discussion of possible or potential benefits in future years is not an express or implied promise of continued employment. No manager, supervisor or officer of the Company has the authority to change the Executive's status as an "at-will" employee. The "at-will" nature of the employment relationship with the Executive can only be altered by a written resolution approved by the Board.

5. Non-Solicitation.

(a) Non-Solicit. The Executive agrees that during the term of the Executive's employment with the Company, and for a period of twelve (12) months immediately following the termination of the Executive's employment with the Company for any reason, whether with or without Cause or Good Reason, the Executive shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's or its affiliates' employees or consultants to terminate such employee's or consultant's relationship with the Company or its affiliates, or attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company or any of its affiliates, either for the Executive or for any other person or entity. Further, during the Executive's employment with the Company or any of its affiliates and at any time following termination of the Executive's employment with the Company or any of its affiliates for any reason, with or without Cause or Good Reason, the Executive shall not use any confidential information of the Company or any of its affiliates to attempt to negatively influence any of the Company's or any of its affiliates' clients or customers from purchasing Company products or services or to solicit or influence or attempt to influence any client, customer or other person either directly or indirectly, to direct such person's or entity's purchase of products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company or any of its affiliates.

(b) Specific Performance. In the event of the breach or threatened breach by the Executive of this Section 5, the Company, in addition to all other remedies available to it at law or in equity, will be entitled to seek injunctive relief and/or specific performance to enforce this Section 5.

6. Director and Officer Liability Insurance; Indemnification. During the term of the Executive's employment hereunder, the Executive shall be entitled to the same indemnification and director and officer liability insurance as the Company and its affiliates maintain for other corporate officers.

7. Proprietary Information and Inventions Assignment Agreement. The Executive has executed and delivered the Company's standard Employee Proprietary Information and Inventions Assignment Agreement or similar agreement and the Executive represents and warrants that the Executive shall continue to be bound and abide by such Employee Proprietary Information and Inventions Assignment Agreement or similar agreement.

8. Attention to Duties; Conflict of Interest. While employed by the Company, the Executive shall devote the Executive's full business time, energy and abilities exclusively to the business and interests of the Company, and shall perform all duties and services in a faithful and diligent manner and to the best of the Executive's abilities. The Executive shall not, without the Company's prior written consent, render to others services of any kind for compensation, or engage in any other business activity that would materially interfere with the performance of the Executive's duties under this Agreement. The Executive represents that the Executive has no other outstanding commitments inconsistent with any of the terms of this Agreement or the services to be rendered to the Company. While employed by the Company, the Executive shall not, directly or indirectly, whether as a partner, employee, creditor, shareholder, or otherwise, promote, participate or engage in any activity or other business competitive with the Company's business. The Executive shall not invest in any company or business which competes in any manner with the Company, except those companies whose securities are listed on reputable securities exchanges in the United States or European Union.

9. Miscellaneous.

(a) Severability. If any provision of this Agreement shall be found by any arbitrator or court of competent jurisdiction to be invalid or unenforceable, then the parties hereby waive such provision to the extent that it is found to be invalid or unenforceable and to the extent that to do so would not deprive one of the parties of the substantial benefit of its bargain. Such provision shall, to the extent allowable by law and the preceding sentence, be modified by such arbitrator or court so that it becomes enforceable and, as modified, shall be enforced as any other provision hereof, all the other provisions continuing in full force and effect.

(b) No Waiver. The failure by either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way affect the right to require such performance or compliance at any time thereafter. The waiver by either party of a breach of any provision hereof shall not be taken or held to be a waiver of any preceding or succeeding breach of such provision or as a waiver of the provision itself. No waiver of any kind shall be effective or binding, unless it is in writing and is signed by the party against whom such waiver is sought to be enforced.

(c) Assignment. This Agreement and all rights hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights, together with its obligations hereunder, to any parent, subsidiary, affiliate or successor, or in connection with any sale, transfer or other disposition of all or substantially all of its business and assets; *provided*, *however*, that any such assignee assumes the Company's obligations hereunder.

(d) Withholding. All sums payable to the Executive hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

(e) Entire Agreement. This Agreement, including the agreements referred to herein (which are deemed incorporated by reference herein) constitute the entire and only agreement and understanding between the parties governing the terms and conditions of employment of the Executive with the Company and this Agreement supersedes and cancels any and all previous contracts, arrangements or understandings with governing the terms and conditions of the Executive's employment by the Company. In the event of any conflict between the terms of any other agreement between the Executive and the Company entered into prior to the Effective Date, the terms of this Agreement shall control.

(f) Amendment. This Agreement may be amended, modified, superseded, cancelled, renewed or extended only by an agreement in writing executed by both parties hereto.

(g) Headings. The headings contained in this Agreement are for reference purposes only and shall in no way affect the meaning or interpretation of this Agreement. In this Agreement, the singular includes the plural, the plural included the singular, the masculine gender includes both male and female referents, and the word "or" is used in the inclusive sense.

(h) Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of personal delivery (including, personal delivery by facsimile transmission or the third day after mailing by first class mail) to the Company at its primary office location and to the Executive at his address as listed on the Company payroll (which address may be changed by written notice).

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which, taken together, constitute one and the same agreement.

(j) Governing Law, Forum Selection, Jury Waiver. This Agreement and the rights and obligations of the parties hereto shall be construed in accordance with the laws of the State of California without giving effect to the principles of conflict of laws. Any action, suit or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of New Jersey (or, if appropriate, a federal court located within Southern District of Jersey), and the Company and the Executive each consents to the jurisdiction of such a court. *Both the Company and the Executive expressly waive any right that any party either has or may have to a jury trial of any dispute arising out of or in any way related to the Executive's employment with or termination from the Company*.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company and the Executive have executed this Executive Employment Agreement as of the date first above written.

PACIRA PHARMACEUTICALS, INC.:

By: /s/ Rich Kahr
Vice President, Human Resources

EXECUTIVE:

/s/ Max Reinhardt

EXHIBIT A

Payments Subject to Section 409A

1. Subject to this Exhibit A, any severance payments and benefits that may be due under the Agreement shall begin only upon the date of the Executive's "separation from service" (determined as set forth below) which occurs on or after the termination of the Executive's employment. The following rules shall apply with respect to distribution of the severance payments and benefits, if any, to be provided to the Executive under the Agreement, as applicable:

(a) It is intended that each installment of the severance payments and benefits under the Agreement provided under shall be treated as a separate "payment" for purposes of Section 409A. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(b) If, as of the date of the Executive's "separation from service" from the Company, the Executive is not a "specified employee" (within the meaning of Section 409A), then each installment of the severance payments or benefits shall be made on the dates and terms set forth in the Agreement.

(c) If, as of the date of the Executive's "separation from service" from the Company, the Executive is a "specified employee" (within the meaning of Section 409A), then:

(i) Each installment of the severance payments and benefits due under the Agreement that, in accordance with the dates and terms set forth herein, will in all circumstances, regardless of when the Executive's separation from service occurs, be paid within the short-term deferral period (as defined under Section 409A) shall be treated as a short-term deferral within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid at the time set forth in the Agreement; and

(ii) Each installment of the severance payments and benefits due under the Agreement that is not described in this Exhibit A, Section 1(c)(i) and that would, absent this subsection, be paid within the six-month period following the Executive's "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, the Executive's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following the Executive's separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein; provided, however, that the preceding provisions of this sentence shall not apply to any installment of payments and benefits if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of the Executive's second taxable year following the taxable year in which the separation from service occurs.

2. The determination of whether and when the Executive's separation from service from the Company has occurred shall be made and in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Exhibit A, Section 2, "Company" shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

3. The Company makes no representation or warranty and shall have no liability to the Executive or to any other person if any of the provisions of the Agreement (including this Exhibit) are determined to constitute deferred compensation subject to Section 409A but that do not satisfy an exemption from, or the conditions of, that section.

Exhibit 10.2

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement"), is entered into as of April 24, 2017 (the "Effective Date"), by and between Pacira Pharmaceuticals, Inc., a California corporation (the "Company"), and Roy Winston (the "Executive").

RECITALS

WHEREAS, the Company wishes to employ the Executive, and the Executive desires to be employed by the Company, for such purpose and upon the terms and conditions hereinafter provided; and

WHEREAS, the parties wish to establish the terms of the Executive's future employment with the Company and set out fully their respective rights, obligations and duties.

AGREEMENT

In consideration of the promises and the terms and conditions set forth in this Agreement, the parties agree as follows:

1. Title and Capacity. The Company hereby agrees to continue to employ the Executive, and the Executive hereby accepts continued employment with the Company, under the terms set forth in this Agreement. The Executive will serve as the Vice President, Anesthesia and Surgical Services and shall perform such duties as are ordinary, customary and necessary in such role. The Executive will report directly to the CEO and Chairman. The Executive shall devote his full business time, skill and attention to the performance of his duties on behalf of the Company.

2. Compensation and Benefits.

(a) Salary. The Company agrees to pay the Executive an annual base salary of Three Hundred Twenty Five Thousand Dollars ($325,000) payable in accordance with Company's customary payroll practice (the "Base Salary"). The Executive's Base Salary shall be reviewed periodically by the Board of Directors of the Company (the "Board"); *provided*, *however*, that any such review will not necessarily result in an adjustment to the Executive's Base Salary. Any change in the Executive's Base Salary must be approved by the Board.

(b) Bonus. The Executive is eligible to receive, in addition to the Base Salary and subject to the terms hereof and at the full discretion of the Board, a targeted incentive bonus of Thirty Five percent (35%) of Base Salary (the "Targeted Incentive Bonus"). The Targeted Incentive Bonus shall be based on the Executive's and the Company's performance during the applicable fiscal year, as determined by the Board. The Targeted Incentive Bonus criteria or "goals" will be determined by agreement between the Board and the Executive at beginning of each fiscal year. The award of the Target Incentive Bonus may be in an amount either above or below the amount specified by the Board at the beginning of each fiscal year based on the ultimate performance assessed by the Board.

Targeted Incentive Bonuses shall be determined and approved by the Board in its sole discretion.

All salary and bonuses shall be subject to all applicable withholdings and deductions.

(c) Stock Options and Restricted Stock Units. Company will grant to the Executive a stock option ("Option") to purchase an aggregate of Twenty Five Thousand (25,000) shares of the Company's common stock, $0.001 par value per share (along with any subsequent grants, the "Option Shares"), pursuant to the Company's Amended and Restated 2011 Stock Option/Stock Issuance (the "Plan"). The exercise price, vesting schedule and other terms for the Option will be set forth in the notice of grant and option agreement for such Option and the Option is subject to accelerated vesting as set forth in Section 3 hereof. Additional equity incentives, if any, shall be determined by the Board (or a committee thereof) in its sole discretion. All share figures set forth herein shall be subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations and similar events.

(d) Benefits. The Executive (and, where applicable, the Executive's qualified dependents) will be eligible to participate in health insurance and other employee benefit plans and policies established by the Company for its executive team from time to time on substantially the same terms as are made available to other such employees of the Company generally. The Executive's participation (and the participation of the Executive's qualified dependents) in the Company's benefit plans and policies will be subject to the terms of the applicable plan documents and the Company's generally applied

policies, and the Company in its sole discretion may from time to time adopt, modify, interpret or discontinue such plans or policies.

(e) Expenses. The Company will reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the Company's business, in accordance with the applicable Company policy as may be amended from time to time.

(f) Vacation and Holidays. The Executive shall be eligible for thirty (30) days' paid vacation/flexible time off per calendar year subject to the applicable terms and conditions of the Company's vacation policy and applicable law.

(g) Termination of Benefits. Except as set forth in Section 3 or as otherwise specified herein or in any other agreement between the Executive and the Company, if the Executive's employment is terminated by the Company for any reason, with or without Cause (as defined below), or if the Executive resigns the Executive's employment voluntarily, with or without Good Reason (as defined below), no compensation or other payments will be paid or provided to the Executive for periods following the date when such a termination of employment is effective, provided that any rights the Executive may have under the Company's benefit plans shall be determined under the provisions of such plans. If the Executive's employment terminates as a result of the Executive's death or disability, no compensation or payments will be made to the Executive other than those to which the Executive may otherwise be entitled under the benefit plans of the Company.

3. Compensation and Benefits Upon Termination of Employment. Upon termination of the Executive's employment (such date of termination being referred to as the "Termination Date"), the Company will pay the Executive the compensation and benefits as described in this Section 3.

(a) General Benefits Upon Termination. The Company will pay the Executive on or about the Termination Date all salary and vacation/personal time off pay, if any, that has been earned or accrued through the Termination Date and that has not been previously paid.

(b) Termination without "Cause" or for "Good Reason". In the event that the Company terminates the Executive's employment without Cause (as defined below) or, in the event the Executive terminates his employment for Good Reason (as defined below), in each case, (i) the Executive shall be entitled to receive (A) continuing payments of the then effective Base Salary for a period of nine (9) months beginning on the Payment Commencement Date and payable in accordance with the Company's payroll policies and (B) the benefits set forth in Section 3(e), and (ii) the Executive shall be entitled to acceleration of vesting of such number of Option Shares and time based restricted stock unit grants then held by Executive as would have vested in the nine (9)month period following the Termination Date had the Executive continued to be employed by the Company for such period, *provided*, *however* that in each case the receipt of such payments and benefits is expressly contingent upon the Executive's execution and delivery of a severance and release of claims agreement drafted by and satisfactory to counsel for the Company (the "Release") which Release must be executed and become effective within sixty (60) days following the Termination Date. The payments and benefits shall be paid or commence on the first payroll period following the date the Release becomes effective (the "Payment Commencement Date"). Notwithstanding the foregoing, if the 60th day following the Termination Date occurs in the calendar year following the termination, then the Payment Commencement Date shall be no earlier than January 1st of such subsequent calendar year. The provision of payments and benefits pursuant to this Section shall be subject to the terms and conditions set forth on Exhibit A.

(c) Termination without "Cause" or for "Good Reason" Prior to or Following a Change of Control. In the event that the Company terminates the Executive's employment without Cause (as defined below) or, in the event the Executive terminates his employment for Good Reason (as defined below), in each case, within thirty (30) days prior to, or twelve (12) months following, the consummation of a Change of Control, then (i) the Executive shall be entitled to receive (A) continuing payments of the then effective Base Salary for a period of twelve (12) months beginning on the Payment Commencement Date and payable in accordance with the Company's payroll policies, (B) in lieu of the Targeted Incentive Bonus, a bonus payment in the amount of Thirty Five percent (35%) of Executive's then current Base Salary payable in one lump sum on the Payment Commencement Date and (C) the benefits set forth in Section 3(e), and (ii) acceleration of vesting of one hundred percent (100%) of the then unvested Option Shares and time-based restricted stock unit grants then held by Executive, provided, however that in each case: (x), the receipt of such payments and benefits is expressly contingent upon the Executive's execution and delivery of a Release as described above drafted by and satisfactory to counsel for the Company, which Release must be executed and become effective within sixty (60) days following the Termination Date. The provision of payments and benefits pursuant to this Section shall be subject to the terms and conditions set forth in Exhibit A.

(d) Definitions.

(i) "Change of Control" means (A) a merger or consolidation of either the Company or Pacira, Inc., a Delaware corporation ("Parent") into another entity in which the stockholders of the Company or Parent (as applicable)

do not control fifty percent (50%) or more of the total voting power of the surviving entity (other than a reincorporation merger); (B) the sale, transfer or other disposition of all or substantially all of the Company's assets in liquidation or dissolution of the Company; or (C) the sale or transfer of more than fifty percent (50%) of the outstanding voting stock of the Company. In the case of each of the foregoing clauses (A), (B) and (C), a Change of Control as a result of a financing transaction of the Company or Parent shall not constitute a Change of Control for purposes of this Agreement

(ii) "Cause" means (A) the Executive's failure to substantially perform his duties to the Company after there has been delivered to the Executive written notice setting forth in detail the specific respects in which the Board believes that the Executive has not substantially performed his duties and, if the Company reasonably considers the situation to be correctable, a demand for substantial performance and opportunity to cure, giving the Executive thirty (30) calendar days after he receives such notice to correct the situation; (B) the Executive's having engaged in fraud, misconduct, dishonesty, gross negligence or having otherwise acted in a manner injurious to the Company or in intentional disregard for the Company's best interests; (C) the Executive's failure to follow reasonable and lawful instructions from the Board and the Executive's failure to cure such failure after receiving twenty (20) days advance written notice; (D) the Executive's material breach of the terms of this Agreement or the Employee Proprietary Information and Inventions Assignment Agreement or any other similar agreement that may be in effect from time to time; or (E) the Executive's conviction of, or pleading guilty or nolo contendere to, any misdemeanor involving dishonesty or moral turpitude or related to the Company's business, or any felony.

(iii) "Good Reason" means the occurrence of any one or more of the following events without the prior written consent of the Executive: (A) any material reduction of the then effective Base Salary other than in accordance with this Agreement or which reduction is not related to a cross-executive team salary reduction; (B) any material breach by the Company of this Agreement; or (C) a material reduction in the Executive's responsibilities or duties, provided that in the case of clause (C), a mere reassignment following a Change of Control to a position that is substantially similar to the position held prior to the Change of Control transaction shall not constitute a material reduction in job responsibilities or duties; provided, however, that no such event or condition shall constitute Good Reason unless (x) the Executive gives the Company a written notice of termination for Good Reason not more than ninety (90) days after the initial existence of the condition, (y) the grounds for termination (if susceptible to correction) are not corrected by the Company within thirty (30) days of its receipt of such notice and (z) the Termination Date occurs within one (1) year following the Company's receipt of such notice.

(e) Benefits Continuation. If the Executive's employment is terminated pursuant to Section 3(b) or Section 3(c) and provided that the Executive is eligible for and elects to continue receiving group health and dental insurance pursuant to the federal "COBRA" law, 29 U.S.C. § 1161 et seq., the Company will, for a twelve (12) month period following the Payment Commencement Date (the "Benefits Continuation Period"), continue to pay the share of the premium for such coverage that is paid by the Company for active and similarly-situated employees who receive the same type of coverage. The remaining balance of any premium costs shall be paid by the Executive on a monthly basis for as long as, and to the extent that, the Executive remains eligible for COBRA continuation. Notwithstanding the above, in the event the Executive becomes eligible for health insurance benefits from a new employer during the Benefits Continuation Period, the Company's obligations under this Section 3(e) shall immediately cease and the Executive shall not be entitled to any additional monthly premium payments for health insurance coverage. Similarly, in the event the Executive becomes eligible for dental insurance benefits from a new employer during the Benefits Continuation Period, the Company's obligations under this Section 3(e) shall immediately cease and the Executive shall not be entitled to any additional monthly premium payments for dental insurance. The Executive hereby represents that he will notify the Company in writing within three (3) days of becoming eligible for health or dental insurance benefits from a new employer during the Benefits Continuation Period.

(f) Death. This Agreement shall automatically terminate upon the death of the Executive and all monetary obligations of Company under Section 2 of this Agreement shall be prorated to the date of death and paid to the Executive's estate.

(g) Disability. The Company may terminate the Executive's employment if the Executive is unable to perform any of the duties required under this Agreement for a period of three (3) consecutive months due to a "Total and Permanent Disability". The term "Total and Permanent Disability" shall mean the existence of a permanent physical or mental illness or injury, which renders the Executive incapable of performing any material obligations or terms of this Agreement. Any dispute regarding the existence of a Total and Permanent Disability shall be resolved by a panel of three (3) physicians, one selected by Company, one selected by the Executive, and the third selected by the other two physicians. A termination of employment pursuant to this Section 3(f) shall constitute a termination for Cause.

4. At-Will Employment. The Executive will be an "at-will" employee of the Company, which means the employment relationship can be terminated by either the Executive or the Company for any reason, at any time, with or without prior notice and with or without cause. The Company makes no promise that the Executive's employment will continue for any particular period of time, nor is there any promise that it will be terminated only under particular circumstances. No raise or bonus, if any, shall alter the Executive's status as an "at-will" employee or create any implied contract of employment.

Discussion of possible or potential benefits in future years is not an express or implied promise of continued employment. No manager, supervisor or officer of the Company has the authority to change the Executive's status as an "at-will" employee. The "at-will" nature of the employment relationship with the Executive can only be altered by a written resolution approved by the Board.

5. Non-Solicitation.

(a) Non-Solicit. The Executive agrees that during the term of the Executive's employment with the Company, and for a period of twelve (12) months immediately following the termination of the Executive's employment with the Company for any reason, whether with or without Cause or Good Reason, the Executive shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's or its affiliates' employees or consultants to terminate such employee's or consultant's relationship with the Company or its affiliates, or attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company or any of its affiliates, either for the Executive or for any other person or entity. Further, during the Executive's employment with the Company or any of its affiliates and at any time following termination of the Executive's employment with the Company or any of its affiliates for any reason, with or without Cause or Good Reason, the Executive shall not use any confidential information of the Company or any of its affiliates to attempt to negatively influence any of the Company's or any of its affiliates' clients or customers from purchasing Company products or services or to solicit or influence or attempt to influence any client, customer or other person either directly or indirectly, to direct such person's or entity's purchase of products and/or services to any person, firm, corporation, institution or other entity in competition with the business of the Company or any of its affiliates.

(b) Specific Performance. In the event of the breach or threatened breach by the Executive of this Section 5, the Company, in addition to all other remedies available to it at law or in equity, will be entitled to seek injunctive relief and/or specific performance to enforce this Section 5.

6. Director and Officer Liability Insurance; Indemnification. During the term of the Executive's employment hereunder, the Executive shall be entitled to the same indemnification and director and officer liability insurance as the Company and its affiliates maintain for other corporate officers.

7. Proprietary Information and Inventions Assignment Agreement. The Executive has executed and delivered the Company's standard Employee Proprietary Information and Inventions Assignment Agreement or similar agreement and the Executive represents and warrants that the Executive shall continue to be bound and abide by such Employee Proprietary Information and Inventions Assignment Agreement or similar agreement.

8. Attention to Duties; Conflict of Interest. While employed by the Company, the Executive shall devote the Executive's full business time, energy and abilities exclusively to the business and interests of the Company, and shall perform all duties and services in a faithful and diligent manner and to the best of the Executive's abilities. The Executive shall not, without the Company's prior written consent, render to others services of any kind for compensation, or engage in any other business activity that would materially interfere with the performance of the Executive's duties under this Agreement. The Executive represents that the Executive has no other outstanding commitments inconsistent with any of the terms of this Agreement or the services to be rendered to the Company. While employed by the Company, the Executive shall not, directly or indirectly, whether as a partner, employee, creditor, shareholder, or otherwise, promote, participate or engage in any activity or other business competitive with the Company's business. The Executive shall not invest in any company or business which competes in any manner with the Company, except those companies whose securities are listed on reputable securities exchanges in the United States or European Union.

9. Miscellaneous.

(a) Severability. If any provision of this Agreement shall be found by any arbitrator or court of competent jurisdiction to be invalid or unenforceable, then the parties hereby waive such provision to the extent that it is found to be invalid or unenforceable and to the extent that to do so would not deprive one of the parties of the substantial benefit of its bargain. Such provision shall, to the extent allowable by law and the preceding sentence, be modified by such arbitrator or court so that it becomes enforceable and, as modified, shall be enforced as any other provision hereof, all the other provisions continuing in full force and effect.

(b) No Waiver. The failure by either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way affect the right to require such performance or compliance at any time thereafter. The waiver by either party of a breach of any provision hereof shall not be taken or held to be a waiver of any preceding or succeeding breach of such provision or as a waiver of the provision itself. No waiver of any kind shall be effective or binding, unless it is in writing and is signed by the party against whom such waiver is sought to be enforced.

(c) Assignment. This Agreement and all rights hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights, together with its obligations hereunder, to any parent, subsidiary, affiliate or successor, or in connection with any sale, transfer or other disposition of all or substantially all of its business and assets; *provided*, *however*, that any such assignee assumes the Company's obligations hereunder.

(d) Withholding. All sums payable to the Executive hereunder shall be reduced by all federal, state, local and other withholding and similar taxes and payments required by applicable law.

(e) Entire Agreement. This Agreement, including the agreements referred to herein (which are deemed incorporated by reference herein) constitute the entire and only agreement and understanding between the parties governing the terms and conditions of employment of the Executive with the Company and this Agreement supersedes and cancels any and all previous contracts, arrangements or understandings with governing the terms and conditions of the Executive's employment by the Company. In the event of any conflict between the terms of any other agreement between the Executive and the Company entered into prior to the Effective Date, the terms of this Agreement shall control.

(f) Amendment. This Agreement may be amended, modified, superseded, cancelled, renewed or extended only by an agreement in writing executed by both parties hereto.

(g) Headings. The headings contained in this Agreement are for reference purposes only and shall in no way affect the meaning or interpretation of this Agreement. In this Agreement, the singular includes the plural, the plural included the singular, the masculine gender includes both male and female referents, and the word "or" is used in the inclusive sense.

(h) Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of personal delivery (including, personal delivery by facsimile transmission or the third day after mailing by first class mail) to the Company at its primary office location and to the Executive at his address as listed on the Company payroll (which address may be changed by written notice).

(i) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which, taken together, constitute one and the same agreement.

(j) Governing Law, Forum Selection, Jury Waiver. This Agreement and the rights and obligations of the parties hereto shall be construed in accordance with the laws of the State of California without giving effect to the principles of conflict of laws. Any action, suit or other legal proceeding that is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of New Jersey (or, if appropriate, a federal court located within Southern District of Jersey), and the Company and the Executive each consents to the jurisdiction of such a court. *Both the Company and the Executive expressly waive any right that any party either has or may have to a jury trial of any dispute arising out of or in any way related to the Executive's employment with or termination from the Company*.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company and the Executive have executed this Executive Employment Agreement as of the date first above written.

PACIRA PHARMACEUTICALS, INC.:

By: /s/ Rich Kahr
Vice President, Human Resources

EXECUTIVE:

/s/ Roy Winston

EXHIBIT A

Payments Subject to Section 409A

1. Subject to this Exhibit A, any severance payments and benefits that may be due under the Agreement shall begin only upon the date of the Executive's "separation from service" (determined as set forth below) which occurs on or after the termination of the Executive's employment. The following rules shall apply with respect to distribution of the severance payments and benefits, if any, to be provided to the Executive under the Agreement, as applicable:

(a) It is intended that each installment of the severance payments and benefits under the Agreement provided under shall be treated as a separate "payment" for purposes of Section 409A. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(b) If, as of the date of the Executive's "separation from service" from the Company, the Executive is not a "specified employee" (within the meaning of Section 409A), then each installment of the severance payments or benefits shall be made on the dates and terms set forth in the Agreement.

(c) If, as of the date of the Executive's "separation from service" from the Company, the Executive is a "specified employee" (within the meaning of Section 409A), then:

(i) Each installment of the severance payments and benefits due under the Agreement that, in accordance with the dates and terms set forth herein, will in all circumstances, regardless of when the Executive's separation from service occurs, be paid within the short-term deferral period (as defined under Section 409A) shall be treated as a short-term deferral within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be paid at the time set forth in the Agreement; and

(ii) Each installment of the severance payments and benefits due under the Agreement that is not described in this Exhibit A, Section 1(c)(i) and that would, absent this subsection, be paid within the six-month period following the Executive's "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, the Executive's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following the Executive's separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein; provided, however, that the preceding provisions of this sentence shall not apply to any installment of payments and benefits if and to the maximum extent that that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of the Executive's second taxable year following the taxable year in which the separation from service occurs.

2. The determination of whether and when the Executive's separation from service from the Company has occurred shall be made and in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Exhibit A, Section 2, "Company" shall include all persons with whom the Company would be considered a single employer under Section 414(b) and 414(c) of the Code.

3. The Company makes no representation or warranty and shall have no liability to the Executive or to any other person if any of the provisions of the Agreement (including this Exhibit) are determined to constitute deferred compensation subject to Section 409A but that do not satisfy an exemption from, or the conditions of, that section.

Exhibit 10.3

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) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED.

FOURTH AMENDMENT TO COMMERCIAL OUTSOURCING SERVICES AGREEMENT

This Fourth Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between Pacira Pharmaceuticals, Inc. (the "Company") and Integrated Commercialization Solutions, Inc. ("ICS"). This Amendment is effective as of January 1, 2016 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are parties to a Commercial Outsourcing Services Agreement dated August 25, 2011, as amended by the First Amendment dated August 1, 2013, the Second Amendment dated August 25, 2014 and the Third Amendment dated December 1, 2014 (as amended, the "Agreement");

A. Pursuant to the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

NOW THEREFORE, the parties agree as follows:

a. Defined Terms. Capitalized terms in this Amendment that are not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between tl1e Agreement and any provision of this Amendment, this Amendment will control.

a. Schedule B. The parties agree that Schedule B to the Agreement is hereby deleted in its entirety 311d replaced with the attached Revised Schedule B.

a. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Peter Belden
Name: Peter Belden
Title: President

Pacira Pharmaceuticals, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel

REVISED SCHEDULE B
ICS 3PL SCHEDULE OF FEES

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FIFTH AMENDMENT TO
COMMERCIAL OUTSOURCING SERVICES AGREEMENT

This Fifth Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between Pacira Pharmaceuticals, Inc. (the "Company") and Integrated Commercialization Solutions, Inc. ("ICS"). This Amendment is effective as of July 12, 2016 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are parties to a Commercial Outsourcing Services Agreement dated August 25,2011, as amended by the First Amendment dated August I, 2013, the Second Amendment dated August 25, 2014, the Third Amendment dated December I, 2014 and the Fourth Amendment dated January I, 2016 (as amended, the "Agreement ");

A. Pursuant to the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

AMENDMENT

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Capitalized terms in this Amendment that arc not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between the Agreement and any provision of this Amendment, this Amendment will control.

1. Schedule B. The parties agree that Schedule B to the Agreement is hereby deleted in its entirety and replaced with the attached Revised Schedule B.

1. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Mitch McLain
Name: Mitch McLain
Title: VP Finance

Pacira Pharmaceuticals, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel

REVISED SCHEDULE B
ICS 3PL SCHEDULE OF FEES

[**]

SIXTH AMENDMENT TO
COMMERCIAL OUTSOURCING SERVICES AGREEMENT

This Sixth Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between Pacira Pharmaceuticals, Inc. (the "Company") and Integrated Commercialization Solutions, Inc. ("ICS"). This Amendment is effective as of September 6, 2016 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are parties to a Commercial Outsourcing Services Agreement dated August 25, 2011, as amended by the First Amendment dated August 1, 2013, the Second Amendment dated August25, 2014, the Third Amendment dated December 1, 2014, the Fourth Amendment dated January I, 2016 and the Fifth Amendment dated July 12,2016 (as amended, the "Agreement");

A. Pursuant to the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

AMENDMENT

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Capitalized terms in this Amendment that are not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between the Agreement and any provision of this Amendment, this Amendment will control.

1. Schedule B. The parties agree that Schedule B to the Agreement is hereby deleted in its entirety and replaced with the attached Revised Schedule B.

1. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Mitch McLain
Name: Mitch McLain
Title: VP Finance

Pacira Pharmaceuticals, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel

REVISED SCHEDULE B
ICS 3PL SCHEDULE OF FEES

[**]

SEVENTH AMENDMENT TO
COMMERCIAL OUTSOURCING SERVICES AGREEMENT

This Seventh Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between Pacira Pharmaceuticals, Inc. (the "Company") and Integrated Commercialization Solutions, Inc. ("ICS"). This Amendment is effective as of November 14, 2016 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are patties to a Commercial Outsourcing Services Agreement dated August 25, 2011, as amended by the First Amendment dated August 1, 2013, the Second Amendment dated August 25, 2014, the Third Amendment dated December 1, 2014, the Fourth Amendment dated January 1, 2016, the Fifth Amendment dated July 12,2016 and the Sixth Amendment dated September 6, 2016 (as amended, the "Agreement");

A. Pursuant to the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

AMENDMENT

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Capitalized terms in this Amendment that are not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between the Agreement and any provision of this Amendment, this Amendment will control.

1. Schedule B. The parties agree that Schedule B to the Agreement is hereby deleted in its entirety and replaced with the attached Revised Schedule B.

1. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the patties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Peter Belden
Name: Peter Belden
Title: President

Pacira Pharmaceuticals, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel

REVISED SCHEDULE B
ICS 3PL SCHEDULE OF FEES

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EIGHTH AMENDMENT TO
COMMERCIAL OUTSOURCING SERVICES AGREEMENT

This Eighth Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between Pacira Pharmaceuticals, Inc. (the "Company") and Integrated Commercialization Solutions, Inc. ("ICS"). This Amendment is effective as of May 8, 2017 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are patties to a Commercial Outsourcing Services Agreement dated August 25, 2011, as amended by the First Amendment dated August 1, 2013, the Second Amendment dated August 25, 2014, the Third Amendment dated December 1, 2014, the Fourth Amendment dated January 1, 2016, the Fifth Amendment dated July 12,2016, the Sixth Amendment dated September 6, 2016 and the Seventh Amendment dated November 14, 2016 (as amended, the "Agreement");

A. Pursuant to the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

AMENDMENT

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Capitalized terms in this Amendment that are not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between the Agreement and any provision of this Amendment, this Amendment will control.

1. Schedule B. The parties agree that Schedule B to the Agreement is hereby deleted in its entirety and replaced with the attached Revised Schedule B.

1. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the patties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Kenneth F. Davidson
Name: Kenneth F. Davidson
Title: VP of Finance

Pacira Pharmaceuticals, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel

REVISED SCHEDULE B
ICS 3PL SCHEDULE OF FEES

[**]

NINTH AMENDMENT TO
COMMERCIAL OUTSOURCING SERVICE AGREEMENT

This Ninth Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between Pacira Pharmaceuticals, Inc. (the "Company") and Integrated Commercialization Solutions, LLC ("ICS"). This Amendment is effective as of August 25, 2017 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are parties to a Commercial Outsourcing Services Agreement dated August 25, 2011, as amended by the First Amendment dated August 1, 2013, the Second Amendment dated August 25, 2014, the Third Amendment dated December 1, 2014, the Fourth Amendment date January 1, 2016, the Fifth Amendment dated July 12, 2016, the Sixth Amendment dated September 6, 2016, the Seventh Amendment dated November 14, 2016 and the Eighth Amendment dated May 8, 2017 (as amended, the "Agreement");

A. Pursuant to the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

AMENDMENT

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Capitalized terms in this Amendment that are not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between the Agreement and any provision of this Amendment, this Amendment will control.

1. Term. Section 4.1 of the Agreement is deleted in its entirety and replaced with the following:

Term. This Agreement will be effective as of the Effective Date and will continue until August 25, 2020 (the "Term"), unless sooner terminated in accordance with the terms of this Agreement. The Term may be extended upon written mutual agreement of the parties, such extension to be negotiated in good faith six (6) months prior to the expiration of the Term.

1. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Peter Belden
Name: Peter Belden
Title: President

Pacira Pharmaceuticals, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel

TENTH AMENDMENT TO
COMMERCIAL OUTSOURCING SERVICES AGREEMENT

This Tenth Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between Pacira Pharmaceuticals, Inc. (the "Company") and Integrated Commercialization Solutions, LLC ("ICS"). This Amendment is effective as of September 27, 2017 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are parties to a Commercial Outsourcing Services Agreement dated August 25, 2011, as amended by the First Amendment dated August 1, 2013, the Second Amendment dated August 25, 2014, the Third Amendment dated December 1, 2014, the Fourth Amendment dated January 1, 2016, the Fifth Amendment dated July 12, 2016, the Sixth Amendment dated September 6, 2016, the Seventh Amendment dated November 14, 2016 and the Eighth Amendment dated May 8, 2017, and the Ninth Amendment dated August 25, 2017 (as amended, the "Agreement");

A. Pursuant to the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

AMENDMENT

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Capitalized terms in this Amendment that are not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between the Agreement and any provision of this Amendment, this Amendment will control.

1. Schedule B. Schedule B is hereby deleted, in its entirety, and replaced with the attached Schedule B.

1. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Peter Belden
Name: Peter Belden
Title: President

Pacira Pharmaceuticals, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel

REVISED SCHEDULE B
ICS 3PL SCHEDULE OF FEES

[**]

ELEVENTH AMENDMENT TO
COMMERCIAL OUTSOURCING SERVICES AGREEMENT

This Eleventh Amendment to the Commercial Outsourcing Services Agreement (this "Amendment") is between **Pacira Pharmaceuticals, Inc.**, and its affiliated company, **Pacira CryoTech, Inc.** ("Company") and **Integrated Commercialization Solutions, LLC** ("ICS"). This Amendment is effective as of January 28, 2020 (the "Amendment Effective Date").

RECITALS

A. The Company and ICS are parties to a Commercial Outsourcing Services Agreement dated August 25, 2011 (as amended, the "Agreement");

A. Under the Agreement, among other things, the Company engaged ICS to perform commercialization services for certain pharmaceutical products; and

A. The parties now wish to amend the Agreement in certain respects.

AMENDMENT

NOW THEREFORE, the parties agree as follows:

1. Defined Terms. Capitalized terms in this Amendment that are not defined in this Amendment have the meanings given to them in the Agreement. If there is any conflict between the Agreement and any provision of this Amendment, this Amendment will control.

1. Term Extension. Section 4.1 of the Agreement is deleted in its entirety and replaced with the following:

4.1 Initial Term. This Agreement will be effective as of the Effective Date and will continue until August 25, 2023 (the "Term"), unless sooner terminated in accordance with Section 4. The Term may be extended upon written mutual agreement of the parties. On an annual basis during the Term, the parties shall conduct a business review and discuss in good faith the Services and related fees.

1. New Cost Center and Fees. The parties agree that ICS will create a new cost center (Pacira CryoTech), for the Company to accommodate an additional location for Product storage and other services. All invoices for shipments from the new cost center and packing slips will reflect the new cost center name. The fees for the new cost center will not be charged to Company until Product is received at the cost center by ICS.

1. REMS Compliance. A new Section 7.4 is added to the Agreement as follows:

The Company further represents and warrants to ICS that, on and after the Program Launch Date, none of the Products is subject to any Risk Evaluation and Mitigation Strategy (REMS) or similar drug safety program mandated by FDA or other Governmental Authority.

1. ICS Address Change. Any notice, request or other document to be given under the Agreement to ICS must be sent to:

Integrated Commercialization Solutions, LLC
Attn: President
5025 Plano Parkway
Carrollton, TX 75010

With a copy to:
AmerisourceBergen Corporation
Attn: General Counsel
1300 Morris Drive
Chesterbrook, PA 19807

1. Schedule B. The parties agree that Schedule B of the Agreement is hereby deleted in its entirety and replaced with the attached Revised Schedule B.

1. No Other Changes. Except as otherwise provided in this Amendment, the terms and conditions of the Agreement will continue in full force.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Effective Date.

Integrated Commercialization Solutions, Inc.

By: /s/ Jeff Primeau
Name: Jeff Primeau
Title: Vice President, Business Solutions
Date: 30-Jan-2020

Pacira Pharmaceuticals, Inc.
Pacira CryoTech, Inc.

By: /s/ Daina Borteck
Name: Daina Borteck
Title: Assistant General Counsel
Date: 29-Jan-2020

Schedule B
Pacira BioSciences - ICS 3PL Schedule of Fees

[**]

Exhibit 31.1

CERTIFICATION

I, David Stack, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: May 7, 2020

/s/ DAVID STACK

David Stack

Chief Executive Officer and Chairman

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Charles A. Reinhart, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: May 7, 2020

/s/ CHARLES A. REINHART, III

Charles A. Reinhart, III

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. §1350

Pursuant to 18 U.S.C. §1350, the undersigned certifies that this Quarterly Report on Form 10-Q of Pacira BioSciences, Inc. for the quarter ended March 31, 2020, 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.

Date: May 7, 2020

/s/ DAVID STACK

David Stack

Chief Executive Officer and Chairman

(Principal Executive Officer)

Date: May 7, 2020

/s/ CHARLES A. REINHART, III

Charles A. Reinhart, III

Chief Financial Officer

(Principal Financial Officer)