

Halozyme



Third Quarter 2021 Financial Results Presentation

November 2, 2021

Forward-Looking Statements

In addition to historical information, the statements set forth in this presentation include forward-looking statements including, without limitation, statements concerning the Company's expected future financial performance (including the Company's financial outlook for 2021) and expectations for profitability, revenue (including expectations for future milestones and royalty growth), operating income, expenses and earnings-per-share, and to potentially expand the Company's platform through acquisitions. Forward-looking statements regarding the Company's ENHANZE® drug delivery technology may include the possible activity, benefits and attributes of ENHANZE®, the possible method of action of ENHANZE®, its potential application to aid in the dispersion and absorption of other injected therapeutic drugs and facilitating more rapid delivery and administration of larger volumes of injectable medications through subcutaneous delivery and potentially lowering the treatment burden for patients. Forward-looking statements regarding the Company's ENHANZE® business may include potential growth driven by our partners' development and commercialization efforts (including anticipated new clinical trial starts and ENHANZE® product launches), projections for future sales revenue of our collaborators' products, potential new ENHANZE® collaborations and collaborative targets and potential approvals of new ENHANZE® products. These forward-looking statements are typically, but not always, identified through use of the words "believe," "enable," "may," "will," "could," "intends," "estimate," "anticipate," "plan," "predict," "probable," "potential," "possible," "should," "continue," and other words of similar meaning and involve risk and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Actual results could differ materially from the expectations contained in these forward-looking statements as a result of several factors, including unexpected levels of revenues (including royalty and milestone revenue received from our collaboration partners), expenditures and costs, unexpected delays in the execution of the Company's planned platform expansion, unexpected results or delays in the growth of the Company's ENHANZE® business, or in the development, regulatory review or commercialization of ENHANZE® products, including any potential delays caused by the current COVID-19 global pandemic, regulatory approval requirements, unexpected adverse events or patient outcomes and competitive conditions. These and other factors that may result in differences are discussed in greater detail in the Company's most recently filed Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

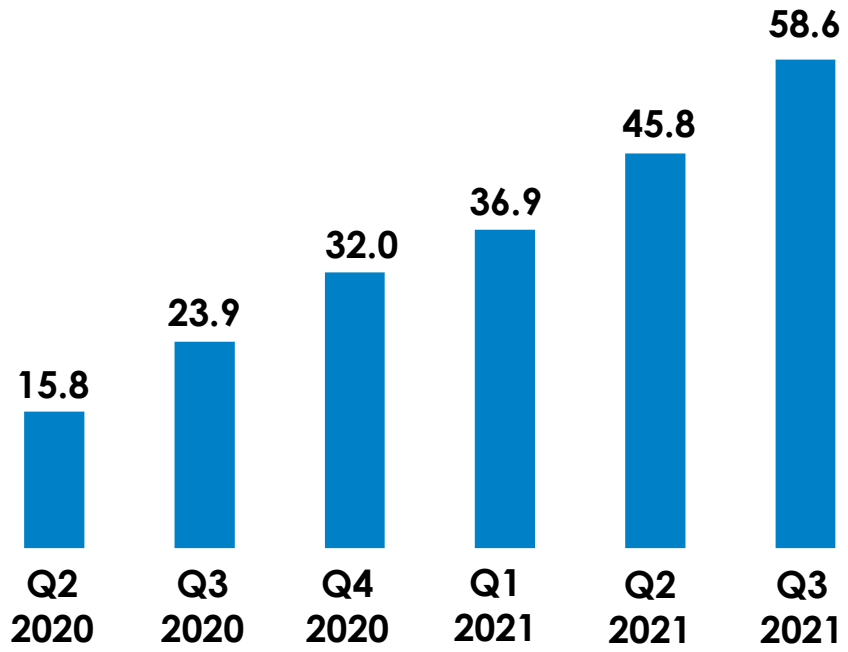
Non-GAAP Financial Measures:
In addition to disclosing financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), these materials contain certain non-GAAP financial measures. The Company reports non-GAAP net income and non-GAAP diluted earnings per share and expectations of those measures in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Reconciliations between GAAP and non-GAAP financial measures are included in these materials.

Note: This presentation contains product names, trademarks and registered trademarks are property of their respective owners

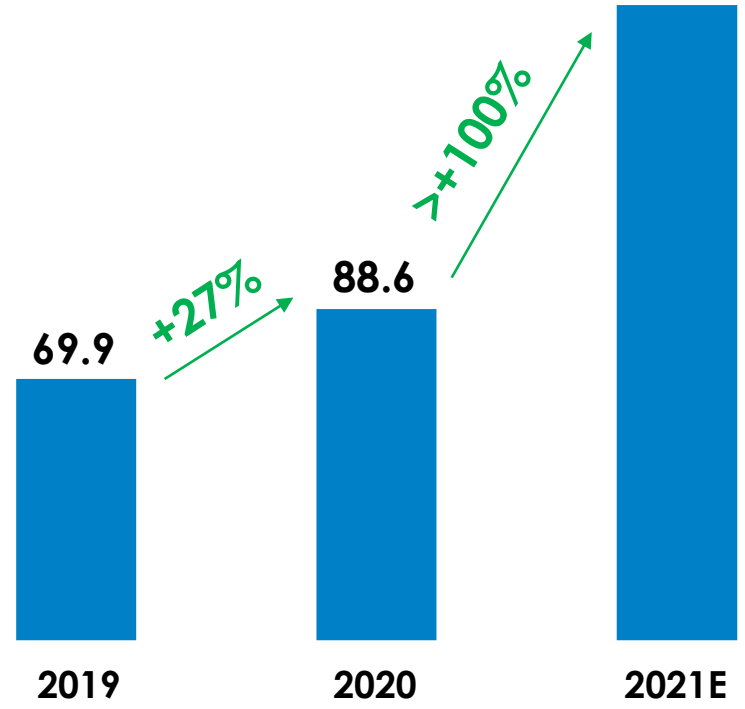
Continued Strong Royalty Growth Primarily Driven by DARZALEX® (daratumumab) SC Launch

Quarterly Royalty Revenue ($M)

145% year-over-year growth and 28% sequential growth in Q3 2021 driven largely by DARZALEX® SC utilizing ENHANZE®



Annual Royalty Revenue ($M)



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Five Partner Products Commercialized in Global Markets: Wave 1 and 2 Launches

Wave 1

HyQvia
[Immune Globulin Infusion 10% (Human) with Recombinant Human Hyaluronidase]

RituxanHYCELA
rituximab/hyaluronidase human
subcutaneous injection | 1,400 mg/23,400 Units | 1,600 mg/26,800 Units

/

MabThera SC
Rituximab Subcutaneous
FAST • EASY • EFFECTIVE

Herceptin HYLECTA™
trastuzumab and hyaluronidase-oysk
INJECTION FOR SUBCUTANEOUS USE | 600 mg/10,000 units

/

Herceptin® SC
trastuzumab
subcutaneous

Wave 2

DARZALEX Faspro™
(daratumumab and hyaluronidase-fihj)
Injection for subcutaneous use | 1,800mg/30,000units

/ DARZALEX® SC

PHESGO™
pertuzumab/trastuzumab/hyaluronidase-zzxf
SUBCUTANEOUS INJECTION / 1,200 mg/600 mg/30,000 units 600 mg/600 mg/20,000 units

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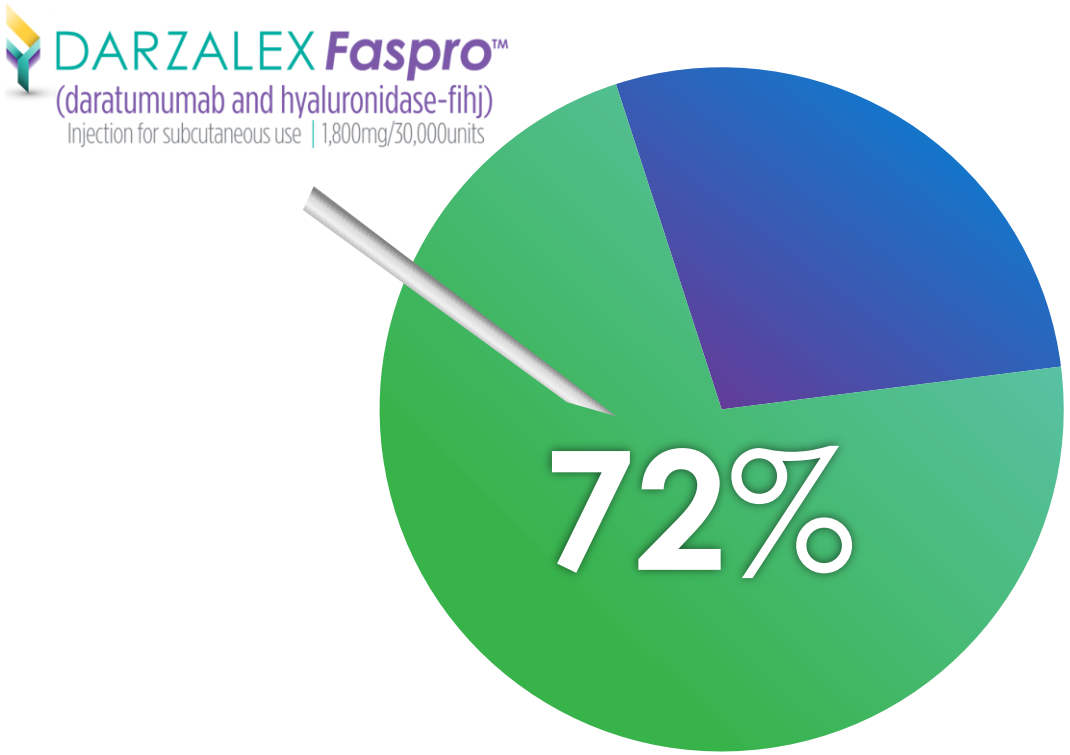
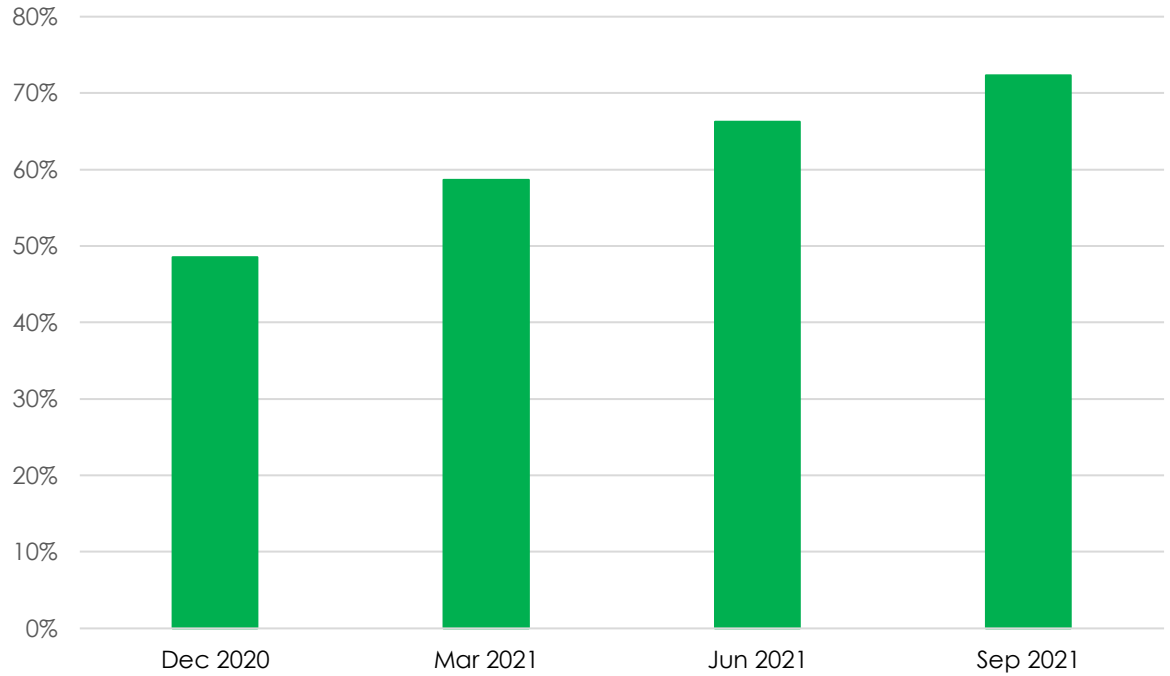
Growth in DARZALEX FASPRO® in the U.S.

Reported DARZALEX Faspro® Share of Total US DARZALEX® Sales (US) End September 2021[1]



Reported DARZALEX FASPRO® Share of Total US DARZALEX® Sales (US) in Last Month of Trailing Four Quarters[1]



1. Source: Symphony Health (subscription data presented with permission)

Project 16 Products In Development by YE 2021

Current Program / Product	Indications	Phase 1 New Starts	Phase 1 Ongoing	Phase 2 Trial Starts	Phase 3 Trial Starts
Teprotumumab-trbw (Horizon)	Thyroid Eye Disease				
N6LS bnAb (VRC)	HIV (treatment)				
ARGX-117 (argenx)	Multifocal motor neuropathy				
Anti-TIM3 (BMS)	Solid tumors				
Undisclosed (Janssen)	Undisclosed				
CAP256V2LS (CAPRISA)	HIV (vaccine)				
Anti-CD73 (BMS)	Solid tumors				
Nivolumab+Relatlimab (BMS)	Solid tumors				
Ocrelizumab (Roche)	Multiple sclerosis				
ALXN-1720 (Alexion)	Undisclosed				
Nivolumab (BMS)	Solid tumors				
Atezolizumab (Roche)	NSCLC				
Efgartigimod (argenx)	CIDP				
Efgartigimod (argenx)	Immune thrombocytopenia				
Efgartigimod (argenx)	Pemphigus vulgaris				
Efgartigimod (argenx)	MG				

Total of Five New Products Expected to Enter Clinic in 2021: 3 Phase1 Starts in Q4

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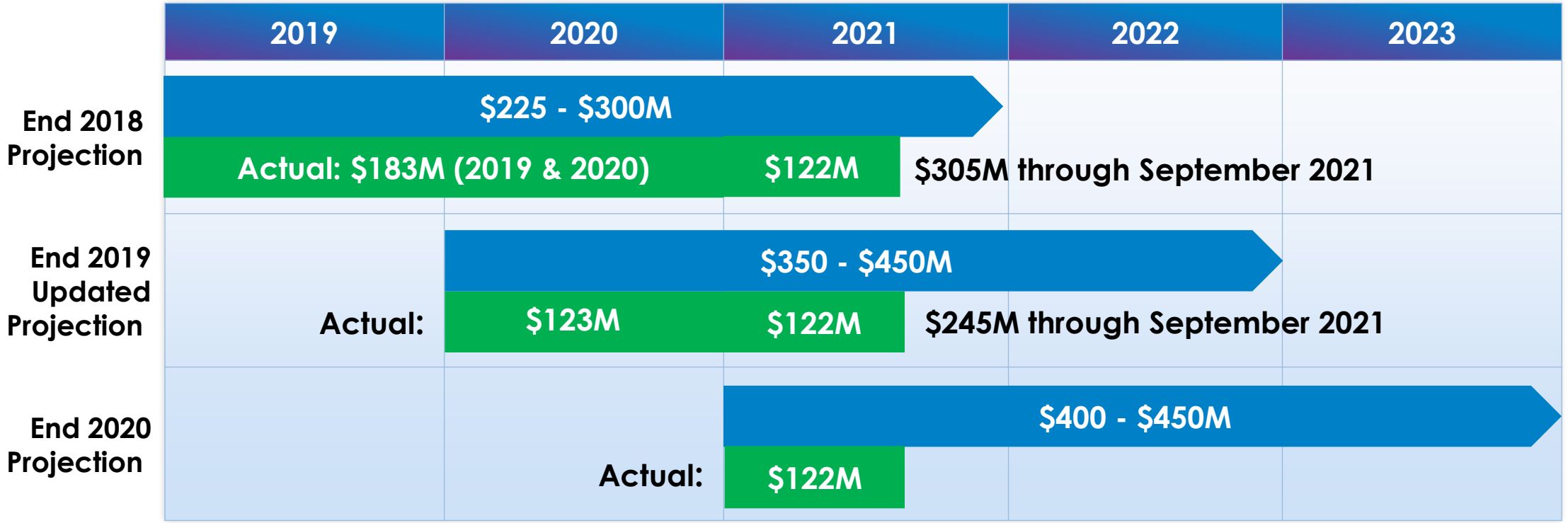
Projected Milestones Drive Revenue and Free Cash Flow

3 Year Forward Milestone Revenue Projection



Includes development, commercial and new agreement upfront milestones
Updated through end September 2021

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Third Quarter 2021 Revenue Highlights[1]

$ U.S. in Millions (unaudited)

	Q3 2021	Q3 2020	% Change
Total Revenue	$115.8	$65.3	77%
Royalty Revenue	$58.6	$23.9	145%
Product Sales (incl. bulk rHuPH20 and Hylenex® (Hyaluronidase Human Injection))	$25.0	$9.0	177%
Collaboration Revenue	$32.2	$32.3	-

1) Dollar amounts and percentages, as presented, are rounded. Consequently totals may not add up.

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Third Quarter 2021 Financial Highlights[1]

$ U.S. in Millions, except EPS (unaudited)

	Q3 2021	Q3 2020	% Change
Total Revenue	$115.8	$65.3	77%
Total Operating Expense	$40.2	$25.0	61%
Cost of Product Sales	$18.6	$5.6	234%
R&D Expense	$8.5	$7.7	10%
SG&A Expense	$13.2	$11.7	13%
Operating Income	$75.6	$40.3	88%
Net Income	$216.6	$36.2	498%
GAAP Diluted Earnings per Share	$1.48	$0.25	492%
Non-GAAP Diluted Earnings per share	$0.55	$0.31	77%

[1] Dollar amounts and percentages, as presented, are rounded. Consequently totals may not add up.

2021 Annual Financial Guidance

	Prior	New	Comment
Net Revenue	**$425 - $445M**	**$430 - $445M**	- Updated guidance represents growth of 61%-66% over 2020 - Revenues from royalties projected to more than double - Revenues from product sales projected to increase 79 – 88% - Revenues under collaborative agreements expected to exceed 2020
Operating Income	**$260 - $280M**	**$265 - $280M**	- Updated guidance represents growth of 84%-94% over 2020 - Increase in COGS commensurate with increase in projected product sales - Implied operating income margin of more than 60%
GAAP Net Income	**$235 - $255M**	**$380 - $395M**	- Updated guidance reflects $142M income tax benefit recorded in Q3.
Non-GAAP Net Income	**$280 - $300M**	**$285 - $300M**	- Updated guidance represents growth of 78%-87% over 2020 - Excludes: one-time inducement expense related to convertible note, stock-based compensation, amortization of debt issuance/discount, income tax adjustments and related tax effects
GAAP Diluted EPS	**$1.55 - $1.70**	**$2.60 - $2.70**	- Updated guidance reflects $142M income tax benefit recorded in Q3.
Non-GAAP Diluted EPS	**$1.85 - $2.00**	**$1.90 - $2.00**	- Updated guidance represents growth of 70%-79% over 2020 - Excludes: one-time inducement expense related to convertible note, stock-based compensation, amortization of debt issuance/discount, income tax adjustments and related tax effects

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Continue to Return Significant Capital to Shareholders

Capital Allocation Priorities

Maintain Strong Balance Sheet

- Cash, cash equivalents & marketable securities $816M at September 30, 2021
- Convertible debt, net ~$876M

Share Repurchases

- $550M three-year repurchase program
- $550M completed October 2021, at an average price of $24.72
- ~$200M repurchased in 2021 completing the $550M share re-purchase

Internal and External Growth

- Continue to maximize ENHANZE®
- Potential M&A expanding platform technologies

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Potential Value-Driving Events in 2021

- Continued product launch momentum:
  - DARZALEX® SC: US and International
  - Phesgo® US and EU Launch
- 3 New phase1 study starts resulting in 16 products in development
- Potential for new partners, new nominations/trial starts
- Potential for growth through M&A



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Q3 2021 Financial Results Appendix

GAAP to Non-GAAP Reconciliation: Net Income and Diluted EPS

$ U.S. in thousands, except per share amounts (unaudited)

	Three Months Ended September 30,	
	2021	2020
GAAP Net Income	**$ 216,587**	**$ 36,207**
Adjustments:		
Share-based compensation	5,399	4,220
Amortization of debt discount	968	3,552
Income tax benefit [(1)]	(142,481)	—
Income tax effect of above adjustments [(1)]	(5)	(13)
Non-GAAP Net Income	**$ 80,468**	**$ 43,966**
GAAP Diluted EPS	**$ 1.48**	**$ 0.25**
Adjustments:		
Share-based compensation	0.04	0.03
Amortization of debt discount	0.01	0.02
Valuation allowance release [(1)]	(0.97)	—
Non-GAAP Diluted EPS	**$ 0.55**	**$ 0.31**
GAAP & Non-GAAP Diluted Shares	**146,690**	**142,081**

(1) In the third quarter 2021, the Company recognized a non-cash tax benefit of approximately $142 million related to the release of substantially all of its valuation allowance against its deferred tax assets. Estimated income tax effect of the Non-GAAP reconciling items are calculated using applicable statutory tax rates, taking into consideration of any valuation allowance.

Dollar amounts, as presented, are rounded. Consequently totals may not add up.

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GAAP to Non-GAAP Reconciliation: Net Income and Diluted EPS 2021 Guidance

$ U.S. in Millions, except EPS (unaudited)

	2021	2020
GAAP Net Income	**$ 380 - 395**	**$ 129.1**
Adjustments:		
Inducement expense related to convertible note	21 - 21	—
Share-based compensation	21 - 21	17.2
Amortization of debt discount	4 - 4	14.1
Income tax benefit	(142) - (142)	—
Non-GAAP Net Income	**$ 285 -300**	**$ 160.4**
GAAP Diluted EPS	**$ 2.60 - 2.70**	**$ 0.91**
Adjustments:		
Inducement expense related to convertible note	0.14 - 0.14	—
Share-based compensation	0.14 - 0.15	0.12
Amortization of debt discount	0.02 - 0.02	0.10
Income tax benefit	(0.97) - (0.97)	
Non-GAAP Diluted EPS	**$ 1.90 - 2.00**	**$ 1.12**
GAAP & Non-GAAP Diluted Shares	**147 - 148**	**141.5**

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Dollar amounts, as presented, are rounded. Consequently totals may not add up.