Halozyme Therapeutics, Inc. Financial and Investor Update

NASDAQ: HALO

January 2025

Halozyme

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 and growth rates (including the Company's preliminary results for the fiscal year ended December 31,2024, 2025 financial guidance and longer term financial outlook through 2028 and the assumptions used in deriving such guidance and longer term financial outlook) including expectations for future total revenues, collaboration and royalty revenues, gross margin expansion, API and product sales, adjusted EBITDA, adjusted EBITDA margin and non-GAAP diluted EPS, and the Company's plans to repurchase shares under its share repurchase program and to potentially expand the Company's platform through acquisitions. Forward-looking statements regarding the Company's ENHANZE® drug delivery technology include the possible benefits and attributes of ENHANZE® including its potential application to aid in the dispersion and absorption of other injected therapeutic drugs and facilitating more rapid delivery and administration of higher volumes of injectable medications through subcutaneous delivery and potential to decrease treatment burden, and healthcare system costs and enable new treatment sites. Forward-looking statements regarding the Company's business may also include potential growth driven by our partners' development and commercialization efforts (including anticipated ENHANZE® product and indication approvals and launches and the timing related to these events), anticipated royalty terms and rates for the Company's current ENHANZE® collaboration products and product candidates, projections for future sales revenue and market share of our collaborators' products and product candidates, potential new or expanded ENHANZE® collaborations, collaborative targets and indications for ENHANZE® products, the potential for co-formulation patents to extend royalty payment periods and maintain royalty rates and the Company's plans to develop a large volume auto-injector. These forward-looking statements are typically, but not always, identified through use of the words "expect," "believe," "enable," "may," "will," "could," "can," "durable," "growth," "innovate," "develop," "vision," "potential," "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 early expiration or termination of the patent terms for the Company's ENHANZE® drug delivery technology, unexpected levels of revenues (including royalty revenue received from our collaboration partners and revenues from proprietary product sales), expenditures and costs, unexpected delays in the execution of the Company's share repurchase program or planned platform expansion, unexpected results or delays in the growth of the Company's ENHANZE® business (including as a result of unexpected conversion rates) or other proprietary product revenues, unexpected delays in obtaining new co-formulation or proprietary intellectual property, or in the development, regulatory review or commercialization of our partners' ENHANZE® products, unexpected delays in the Company's plans to develop a large volume auto-injector, 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 recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission, including under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company undertakes no obligation to update or revise any forward-looking statements or any other information contained herein.

The financial results presented herein are preliminary, estimated, and unaudited. They are subject to the completion and finalization of the Company's financial and accounting close procedures. They reflect management's estimates based solely upon information available to management as of the date of this press release. Further information learned during the completion and finalization of these procedures may alter the final results. These preliminary estimates should not be considered a substitute for the financial information to be filed with the Securities and Exchange Commission on the Company's Form 10-K for the year ended December 31, 2024 once it becomes available. There is a possibility that the Company's financial results for the twelve months ended December 31, 2024 could vary materially from these preliminary estimates. Accordingly, you should not place undue reliance upon this preliminary information.

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 diluted earnings per share, non-GAAP diluted shares, earnings before interest, taxes, depreciation, amortization ("EBITDA"), Adjusted EBITDA, Adjusted EBITDA Margin and expectations of those measures in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP diluted earnings per share excludes share-based compensation expense, amortization of debt discount, intangible asset amortization, one-time changes, if any, such as changes in contingent liabilities, inventory adjustments, impairment charges, and certain adjustments to income tax expense The Company calculates non-GAAP diluted shares excluding the dilutive impact of convertible notes which is used in calculating non-GAAP diluted earnings per share. EBITDA excludes from earnings interest, taxes, depreciation and amortization. The Company calculates adjusted EBITDA by excluding one-time items, if any, such as changes in contingent liabilities, inventory adjustments and impairment charges. The Company uses Non-GAAP financial information in assessing what it believes is a meaningful and comparable set of financial performance measures to evaluate operating trends, as well as in establishing portions of our performance-based incentive compensation programs. The Company does not provide reconciliations for forward-looking adjusted measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including adjustments that could be made for changes in contingent liabilities, share based compensation expense and the effects of any discrete income tax items. For the same reasons, the Company is unable to address the probable significance of the unavailable information. The Company provides non-GAAP financial measures that it believes will be achieved, however it cannot accurately predict all of the components of the adjusted calculations and the U.S. GAAP measures may be materially different than the non-GAAP measures. 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.

Reiterating 2024 Raised Guidance and Raising 2025 Financial Guidance

	2024 Estimate[1,2]	Previous 2025 Guidance	Raised 2025 Guidance	Year-over-Year Growth[3]
Total Revenue	$970M - $1,020M	$1,095 - $1,170M	$1,150 - $1,225M	16 - 23%
Royalty Revenue	$550M - $565M	$650 - $675M	$725 - $750M	30 - 35%
Adjusted EBITDA	$595M - $625M	$710 - $760M	$755 - $805M	24 - 32%
Non-GAAP Diluted EPS	$4.00 - $4.20	$4.45 – $4.85	$4.95 - $5.35	21 - 30%

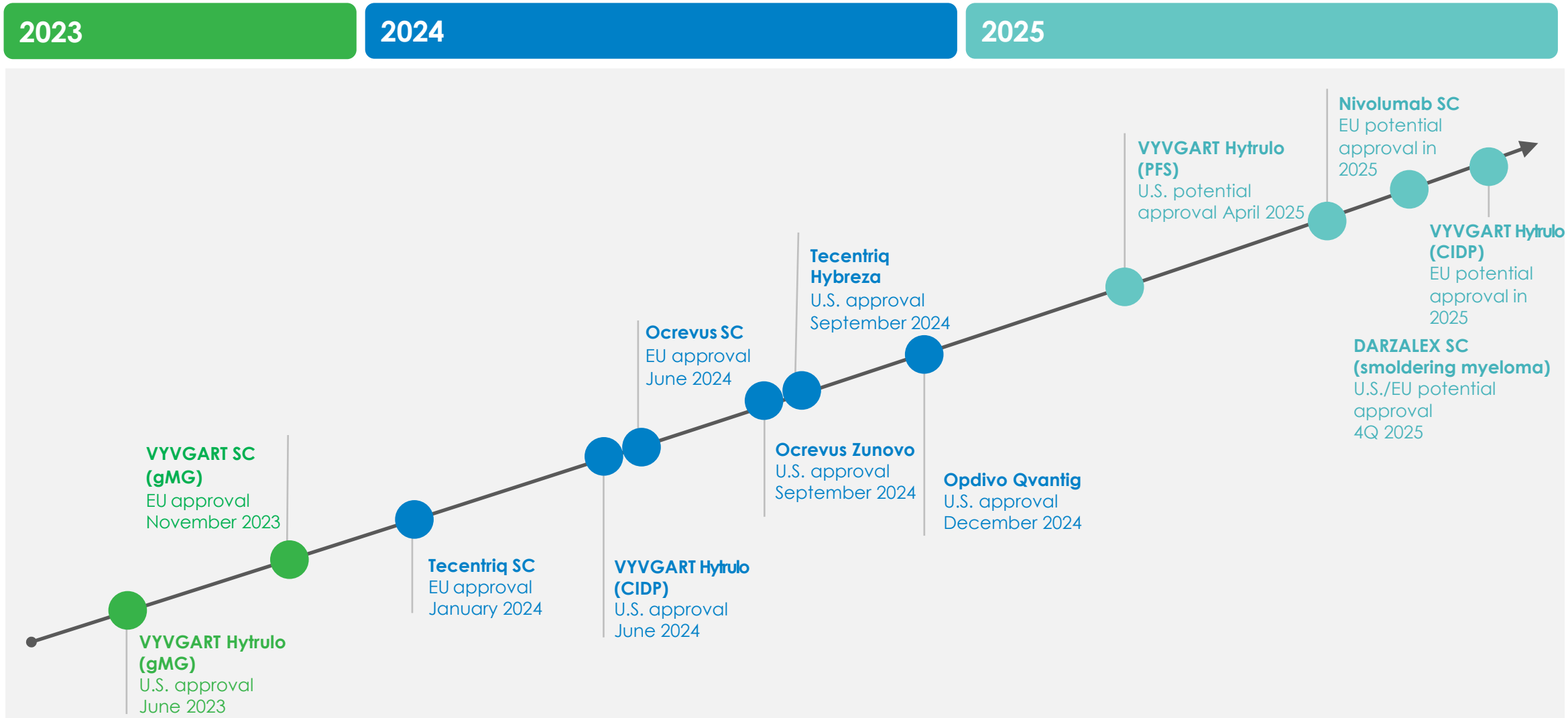
Announcing $250M Accelerated Share Repurchase

(For a total of $1.55B capital deployed to share repurchase since 2019)

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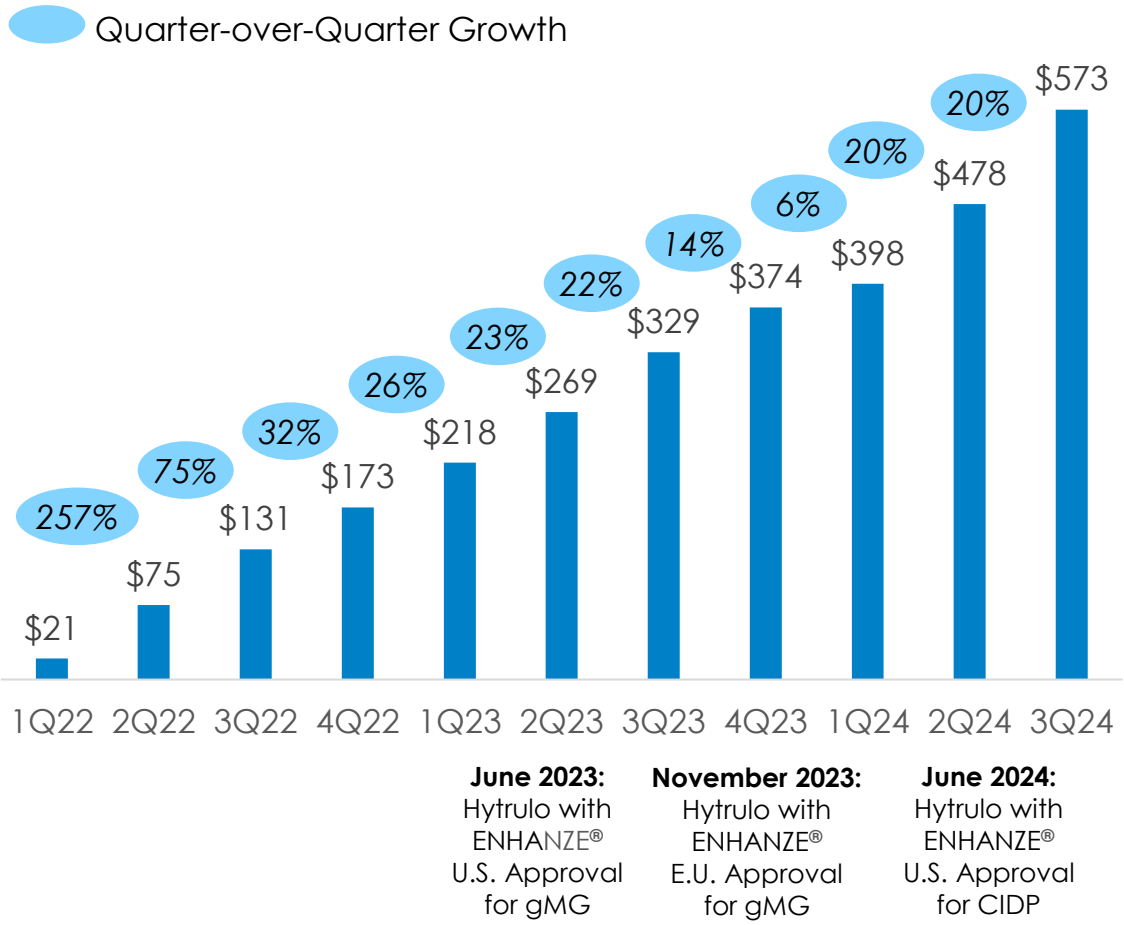
[1] Unaudited preliminary estimate of results
[2] Consistent with previous guidance ranges updated and communicated on 10/31/2024
[3] Growth rates calculated from 2024 midpoint to low end of 2025 range and high-end of 2025 range

Multiple Recent and Projected Product and Indication Launches Expected to Fuel ENHANZE® Royalty Revenue Growth 2025 to 2028

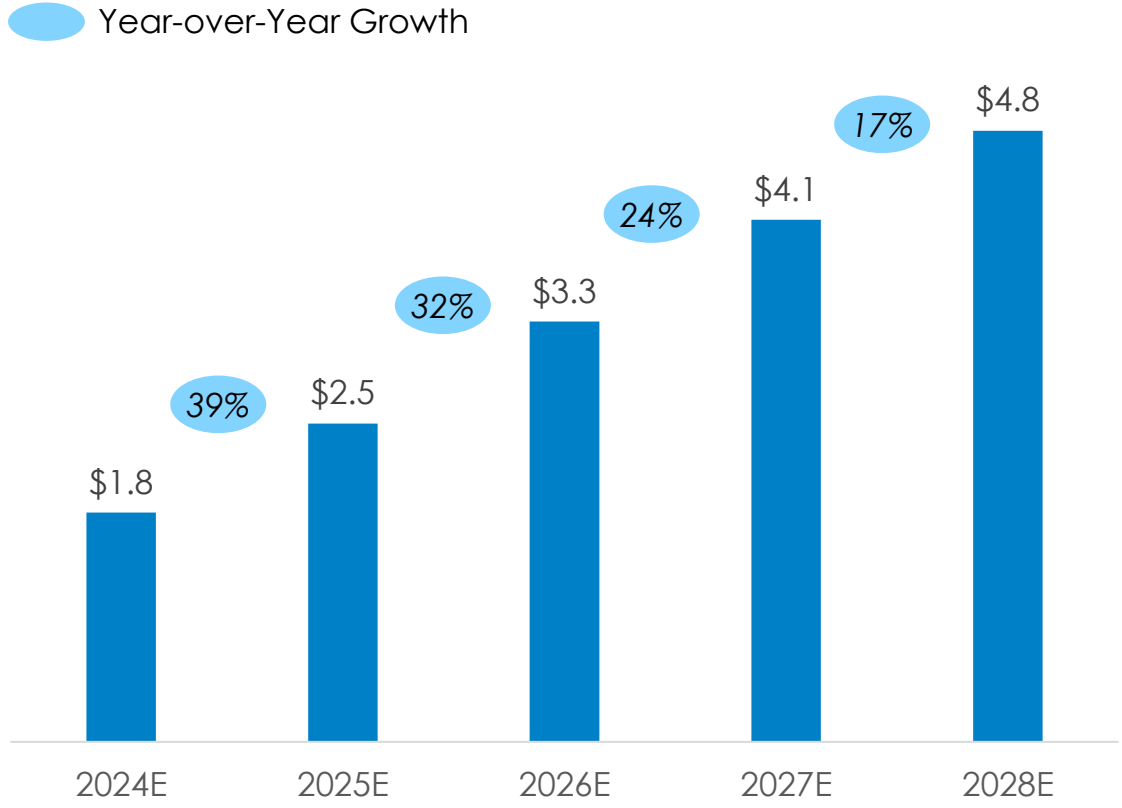


VYVGART® & VYVGART® Hytrulo SC Projected for Blockbuster Growth to ~$5B in 2028

Quarterly Net Sales for VYVGART & VYVGART Hytrulo ($M)



Analyst Projections for VYVGART & VYVGART Hytrulo ($B)[1] (ONLY gMG and CIDP)



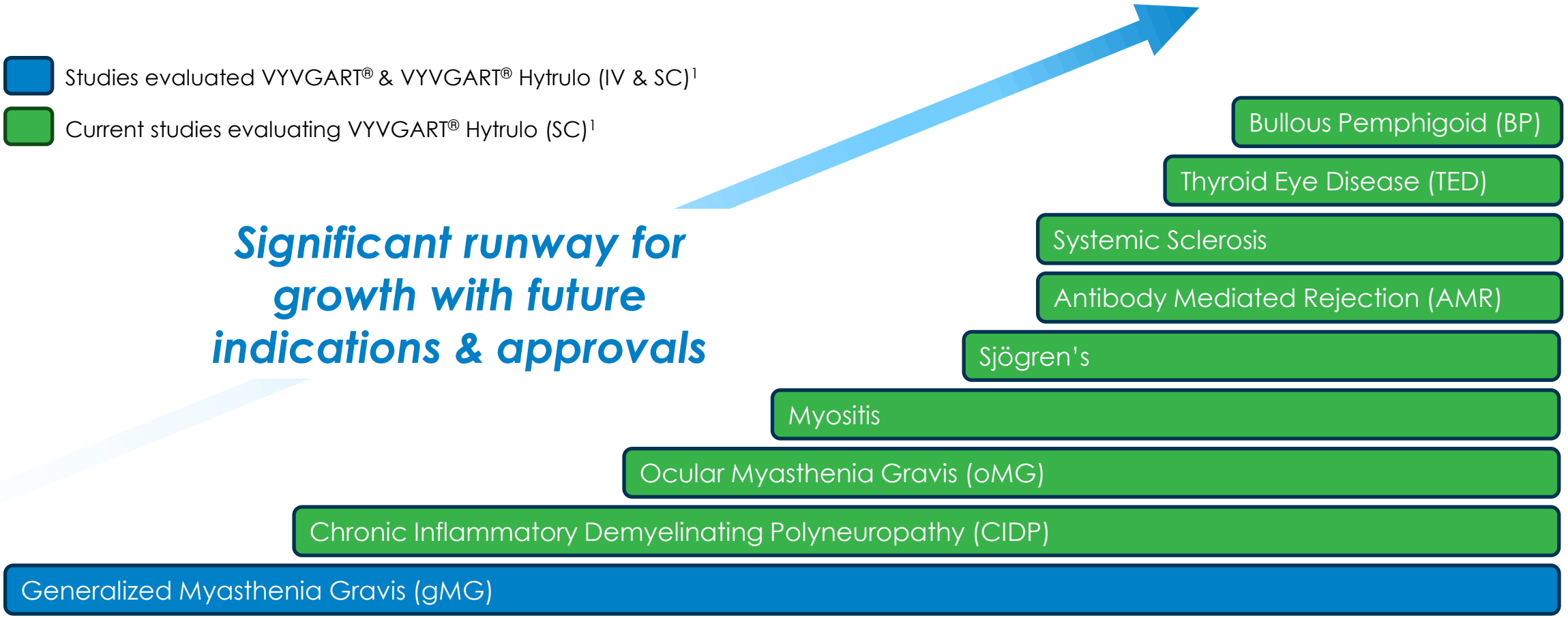
[1] Average analysts' estimates (Deutsche Bank, Goldman Sachs, Piper Sandler, TD Cowen, and Wells Fargo) from August 2024

Multiple Potential Drivers for Additional VYVGART® Hytrulo SC Future Growth

Studies evaluated VYVGART® & VYVGART® Hytrulo (IV & SC)[1]

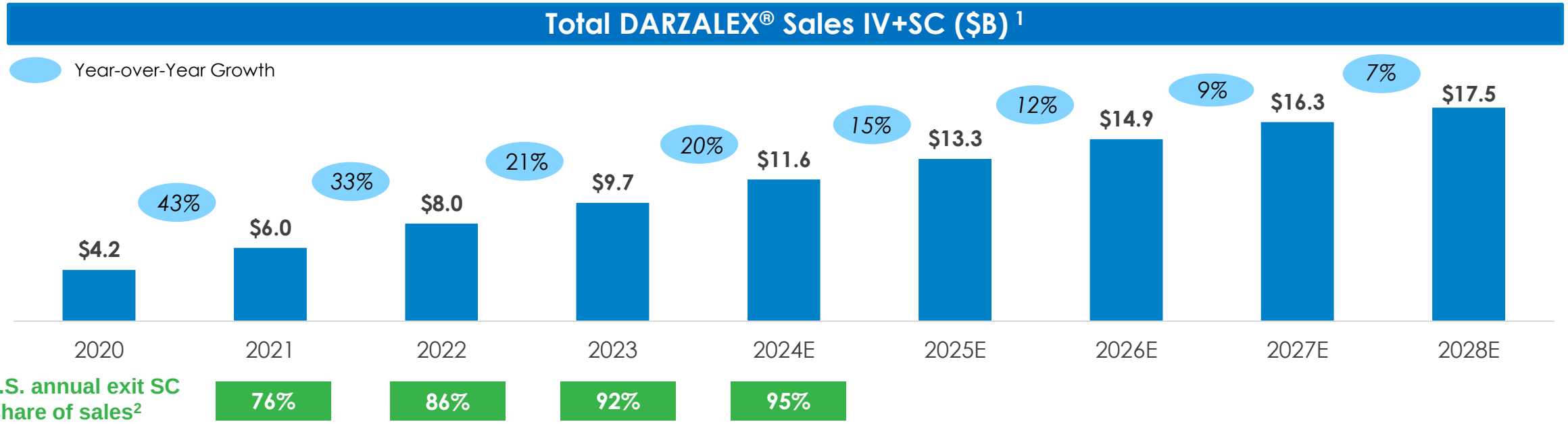
Current studies evaluating VYVGART® Hytrulo (SC)[1]

Significant runway for growth with future indications & approvals



[1] ClinicalTrials.gov

DARZALEX® SC with ENHANZE®, With >90% U.S. Share of Sales, Driving Robust Long-Term Growth



Approvals

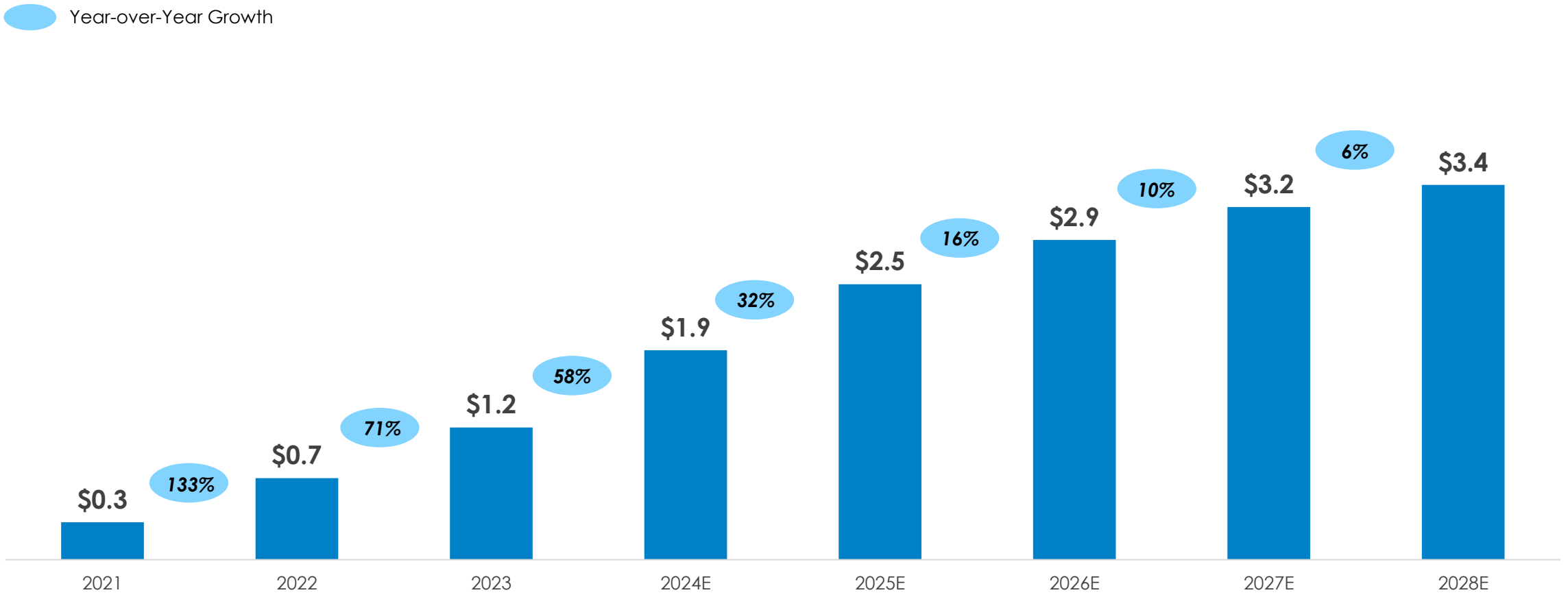
2020	2021	2024	2025E
Initial approval for **multiple indications** in **multiple myeloma** in **U.S.** and **Canada**	**AL amyloidosis** in combination with D-VCd in **U.S.**, **EU**, **China** and **Japan** **Multiple myeloma** in **Japan** and **EU**	**NDMM eligible for autologous stem cell transplant** in **U.S.** and **EU**	**Smoldering Myeloma** in **U.S.** and **EU**

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[1] Analysts' consensus from Evaluate Ltd December 2024
[2] Symphony Health an ICON plc Company

PHESGO®, With 100% Use SC with ENHANZE®, On Trajectory to $3.4B Sales

PHESGO® Projected Sales ($B)[1]



[1] Analysts' consensus from Evaluate Ltd December 2024

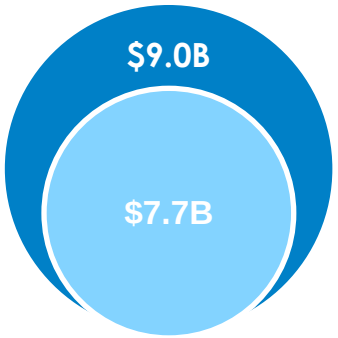
Robust Pipeline of Approved Near-Term Growth Catalysts Represent ~$25B Opportunity in 2028

OCREVUS ZUNOVO™
ocrelizumab & hyaluronidase-ocsq
Subcutaneous injection 920mg

10-minute subcutaneous injection vs. multiple hours IV infusion(administration and monitoring), twice a year

Expand Market & Convert IV

Subcu Ocrevus represents "an incremental CHF 2 billion sales opportunity" and in the U.S "~80% of new patient starts on Zunovo [are] new to the brand, rather than switches from Ocrevus IV." – Roche[2]

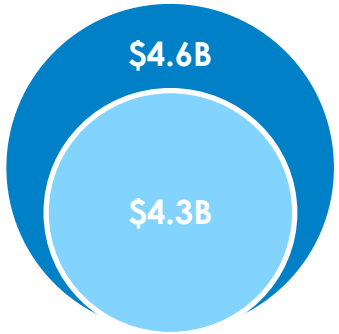


TECENTRIQ Hybreza™
atezolizumab/hyaluronidase-tqjs
SUBCUTANEOUS INJECTION 1875 mg/30,000 units

~7-minute subcutaneous injection vs. 30-60 minute IV infusion

Convert IV

"Subcu has the opportunity to be quite protective for Tecentriq. It will be the first PD-L1 that has a subcu formulation….it's a great convenience for patients that will allow providers and health care systems to actually treat more patients" – Roche[2]

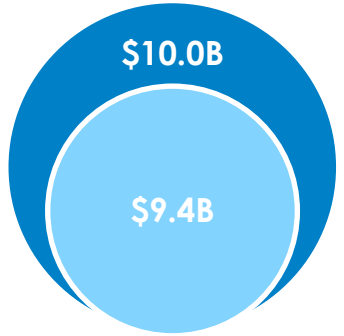


OPDIVO Qvantig™
nivolumab + hyaluronidase-nvhy
SUBCUTANEOUS INJECTION | 120 mg + 2,000 units / mL

~3-5 minute subcutaenous injection vs. 30 minute IV infusion

Convert IV

"We see NIVO SubQ as a key opportunity to extend [Opdivo] into the next decade. We aim to convert 30–40% of the current Opdivo business to NIVO SubQ, which will be a primary focus moving forward." – BMS[3]



2025E Sales IV + SC[1] 2028E Sales IV + SC[1]

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[1] Evaluate and Bloomberg (Opdivo 2028E), December 2024
[2] Roche 3Q 2024 Call
[3] Bristol Myers Squibb 3Q 2024 Call

ENHANZE® Royalties Key Revenue Driver Projecting $1B of Royalty Revenue in 2027

~$20B Projected Sales in 2028[1]

2013 - 2020 Launches

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

PHESGO®
PERTUZUMAB-TRASTUZUMAB

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

RituxanHYCELA®[2]
rituximab/hyaluronidase human
subcutaneous injection | 1,400 mg/23,400 Units | 1,600 mg/26,800 Units

Herceptin HYLECTA™[3]
trastuzumab and hyaluronidase-oysk
INJECTION FOR SUBCUTANEOUS USE | 600 mg/10,000 units

~$35B Projected Sales In 2028[1]

2023 - 2024 Launches

VYVGART® Hytrulo
(efgartigimod alfa and hyaluronidase-qvfc)
Subcutaneous Injection
180 mg/mL and 2000 U/mL vial

TECENTRIQ Hybreza™
atezolizumab/hyaluronidase-tqjs
SUBCUTANEOUS INJECTION 1875 mg/30,000 units

OCREVUS ZUNOVO™
ocrelizumab & hyaluronidase-ocsq
Subcutaneous injection 920mg

OPDIVO Qvantig™
nivolumab + hyaluronidase-nvhy
SUBCUTANEOUS INJECTION

Projected Launches

Amivantamab SC

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Licensees are responsible for development and commercialization

[1] Analysts' consensus from Evaluate Ltd and Bloomber (Opdivo 2028E, December 2024 and company estimate for amivantimab)

[2] Rituxan HYCELA® is marketed as MabThera® SC outside of the U.S.

[3] Herceptin HYLECTA is marketed as Herceptin SC outside of the U.S.

PHESGO, HERCEPTIN HYLECTA, TECENTRIQ, and OCREVUS are registered trademarks of Genentech, Inc.
RITUXAN HYCELA is a registered trademark of Biogen

Reiterating 2024 Raised Guidance and Raising 2025 Financial Guidance

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Announcing $250M Accelerated Share Repurchase

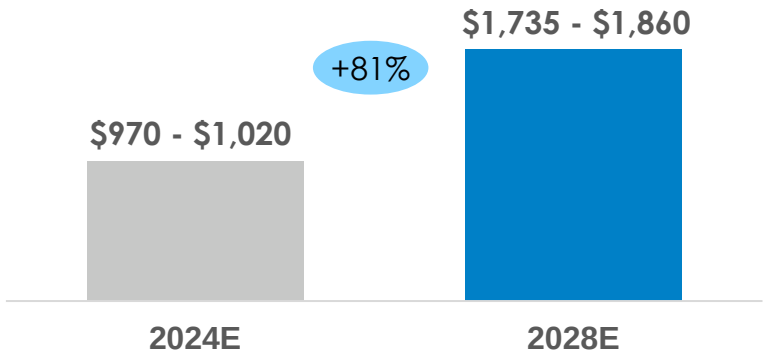
(For a total of $1.55B capital deployed to share repurchase since 2019)

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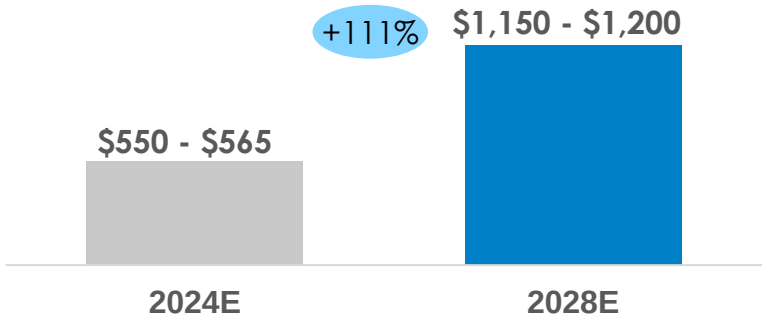
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Multi-Year Guidance Shows Remarkable Projected Doubling of Key Guidance Metrics 2024-2028, Ten Years After First ENHANZE® Product Launch

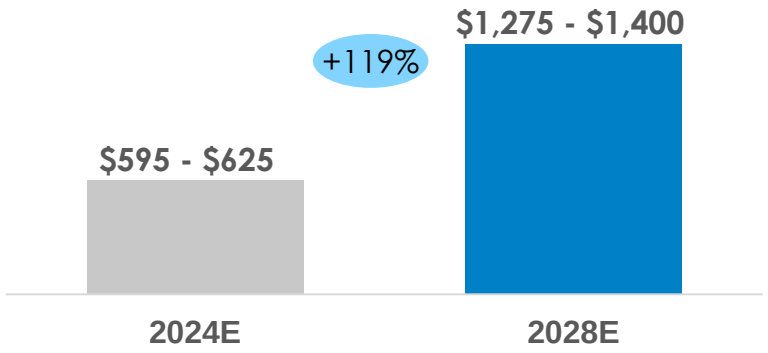
Total Revenue
2024 and 2028



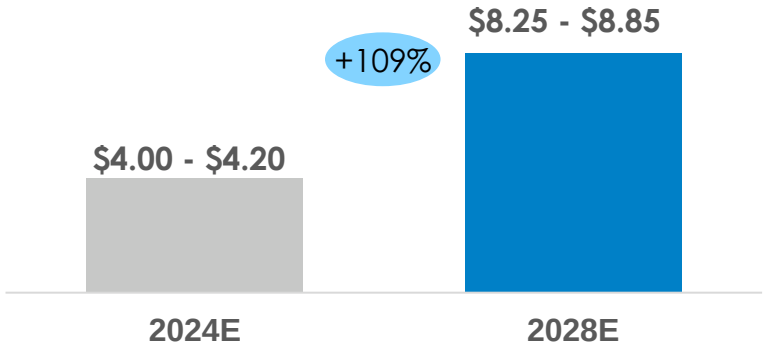
Royalty Revenue
2024 and 2028



Adjusted EBITDA
2024 and 2028



Non-GAAP Diluted EPS
2024 and 2028

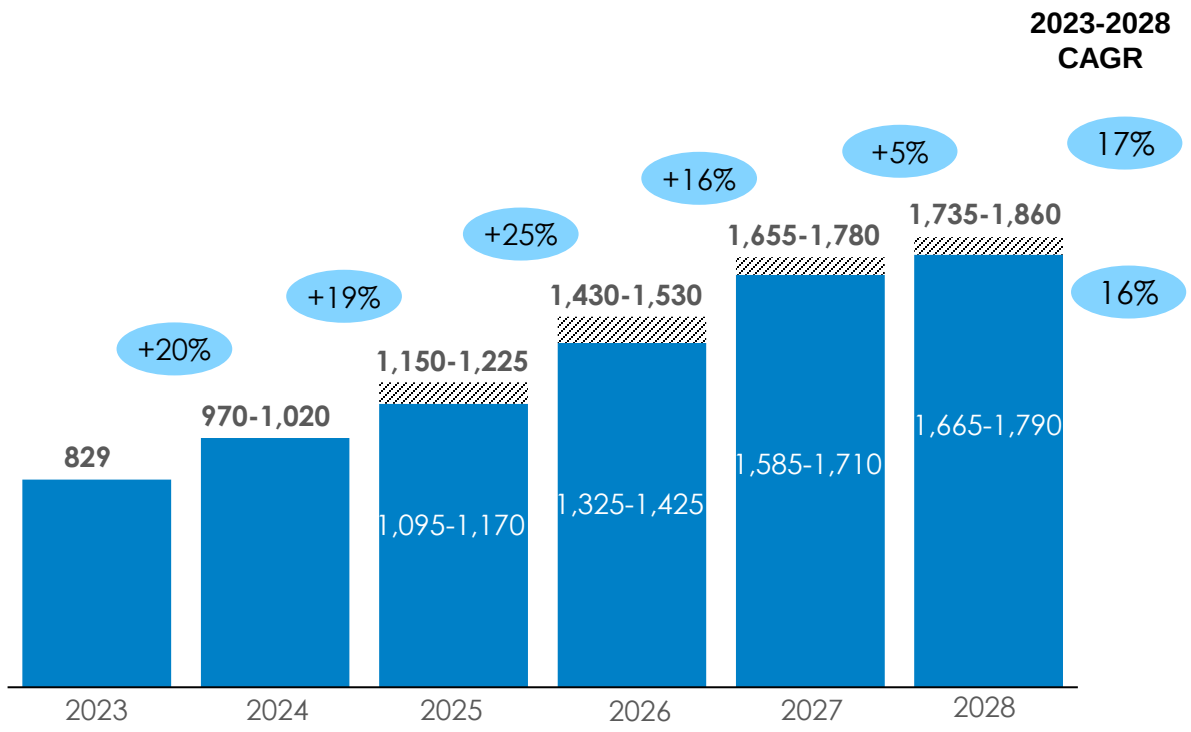


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Growth rates calculated from 2024 midpoint to midpoint of 2028 range
2024 represents unaudited preliminary estimate of results

Strong Momentum in 2024 Resulting in Raised Total Revenue and Royalty Revenue Projections

Total Revenue ($M)

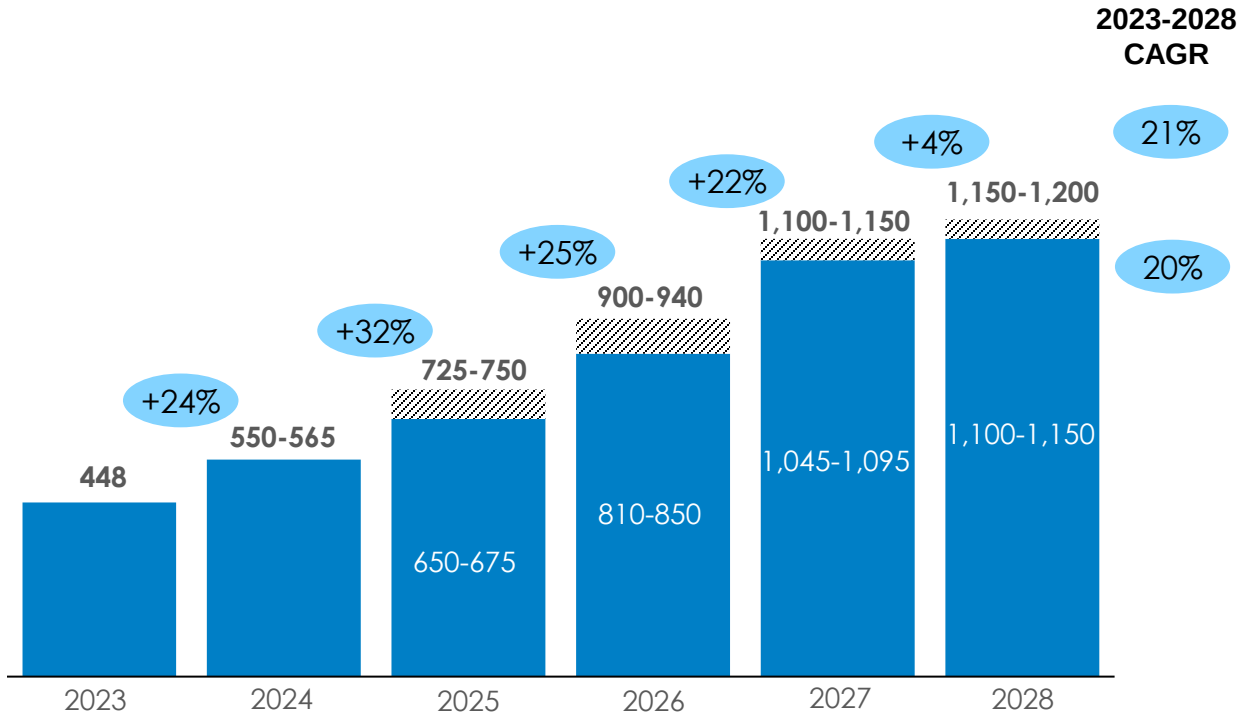


- Updates driven by increased outlook in royalties and product sales

Updated Projections

Prior Projections

Total Royalties ($M)



- Assumes step down in U.S. DARZALEX® SC and Amivantamab royalties in September 2027
- Only includes Wave 1, 2 and 3

Updated Projections

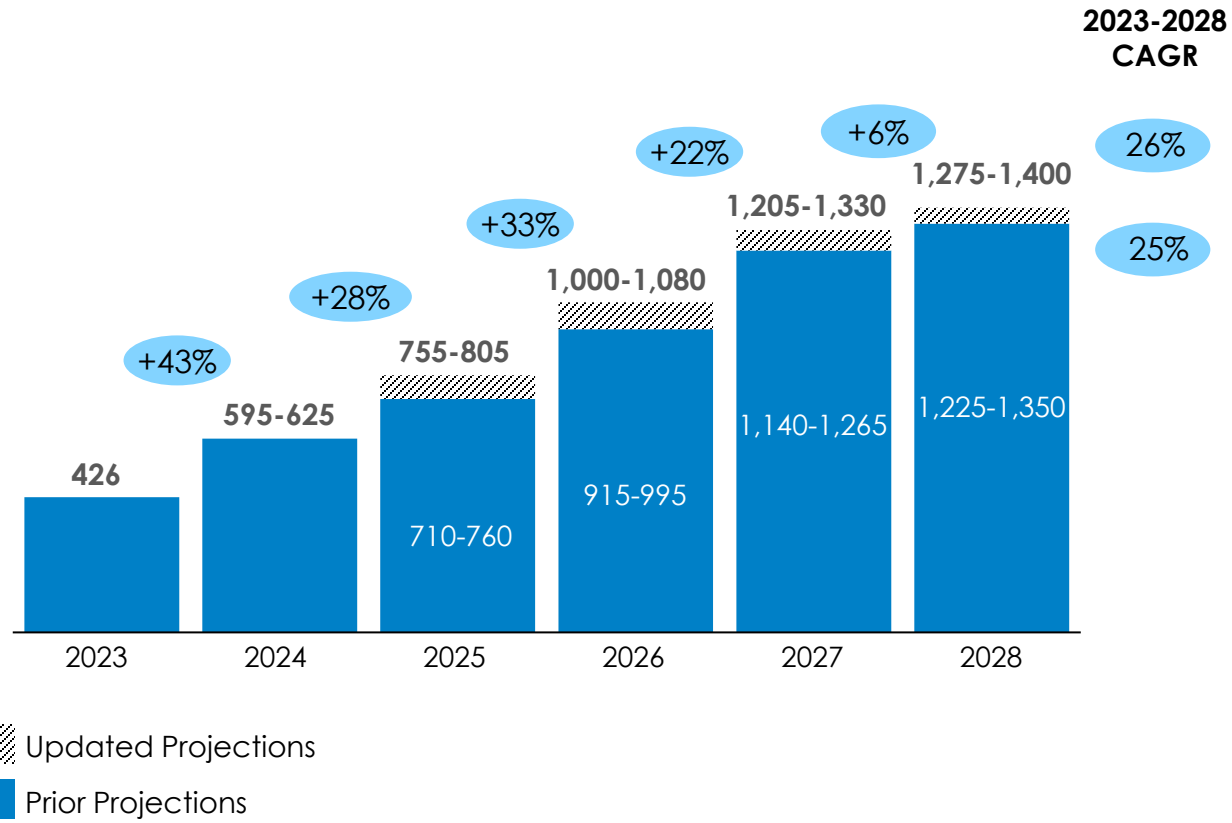
Prior Projections

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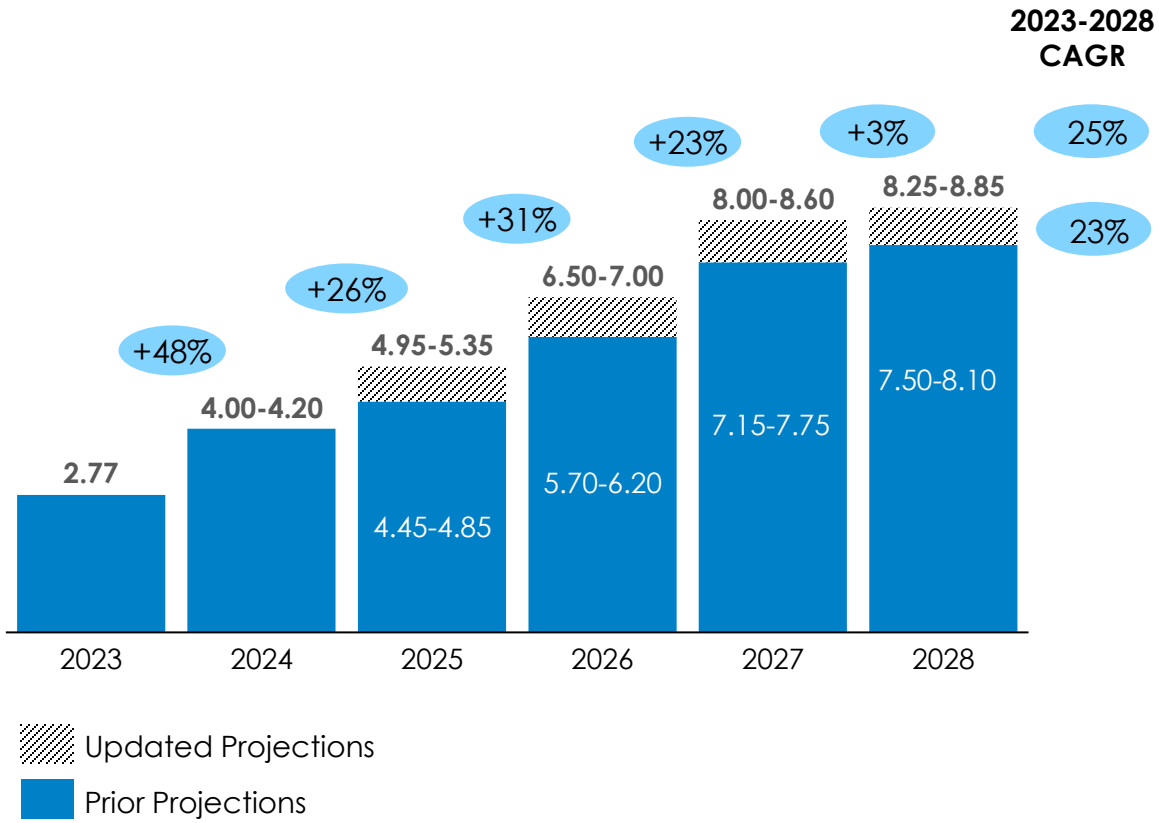
Growth rates calculated from midpoint to midpoint
2024 represents unaudited preliminary estimate of results

Strong Momentum in 2024 Resulting in Raised Adjusted EBITDA and Non-GAAP EPS Projections

Adjusted EBITDA ($M)



Non-GAAP Diluted EPS ($ per share)



Growth rates calculated from midpoint to midpoint
2024 represents unaudited preliminary estimate of results

Strong Momentum in 2024 Resulting in Raised Multi-Year Projections

$M, except EPS (unaudited)	2023 Actual[8]	2024 Unaudited Preliminary Estimates[8]	2025	2026	2027	2028	2023-2028 CAGR[7]
Royalties[1]	447.9	550 – 565	725 – 750	900 – 940	1,100 – 1,150	1,150 – 1,200	21%
Product Sales[2]	300.9	290 – 305	325 – 345	400 – 430	425 – 470	455 – 500	10%
Collaboration Revenue[3]	80.5	130 – 150	100 – 130	130 – 160	130 – 160	130 – 160	12%
Total Revenue	829.3	970 – 1,020	1,150 – 1,225	1,430 – 1,530	1,655 – 1,780	1,735 – 1,860	17%
Adjusted EBITDA[4]	426.2	595 – 625	755 – 805	1,000 – 1,080	1,205 – 1,330	1,275 – 1,400	26%
Adjusted EBITDA Margin[5]	51%	61% – 61%	66% – 66%	70% – 71%	73% – 75%	73% – 75%	8%
Non-GAAP Diluted EPS[6]	2.77	4.00 – 4.20	$4.95 – $5.35	$6.50 – $7.00	$8.00 – $8.60	$8.25 – $8.85	25%

[1] Royalty projections based on approved ENHANZE® products and assumes global approval and launches Nivolumab SC and Amivatamab SC and all approved Auto-Injector products. Assumes impact of pending or issued co-formulation patents. Does not include the impact of Halozyme pending patents. Innovator revenues based on Evaluate Ltd analyst-based estimates as of October 2024 when available otherwise based on select analyst estimates. Conversion rates based on Halozyme internal projections. Projected royalty revenue is not risk-adjusted. Royalty rate on average mid-single digit range across all products.

[2] Product sales projections based on XYOSTED® and Hylenex® commercial products and sales of ENHANZE® API and auto-injector devices to collaboration partners

[3] Collaboration revenue includes development, regulatory, and commercial milestones for certain ENHANZE® and SVAI development programs currently advancing and projected new deals

[4] Adjusted EBITDA projections represent earnings before interest income/expense, tax, and depreciation and amortization with adjustments for one-time, non-recurring items

[5] Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Total Revenue

[6] Non-GAAP Diluted EPS excludes impact of potential future share repurchases beyond ASR initiated in December 2024

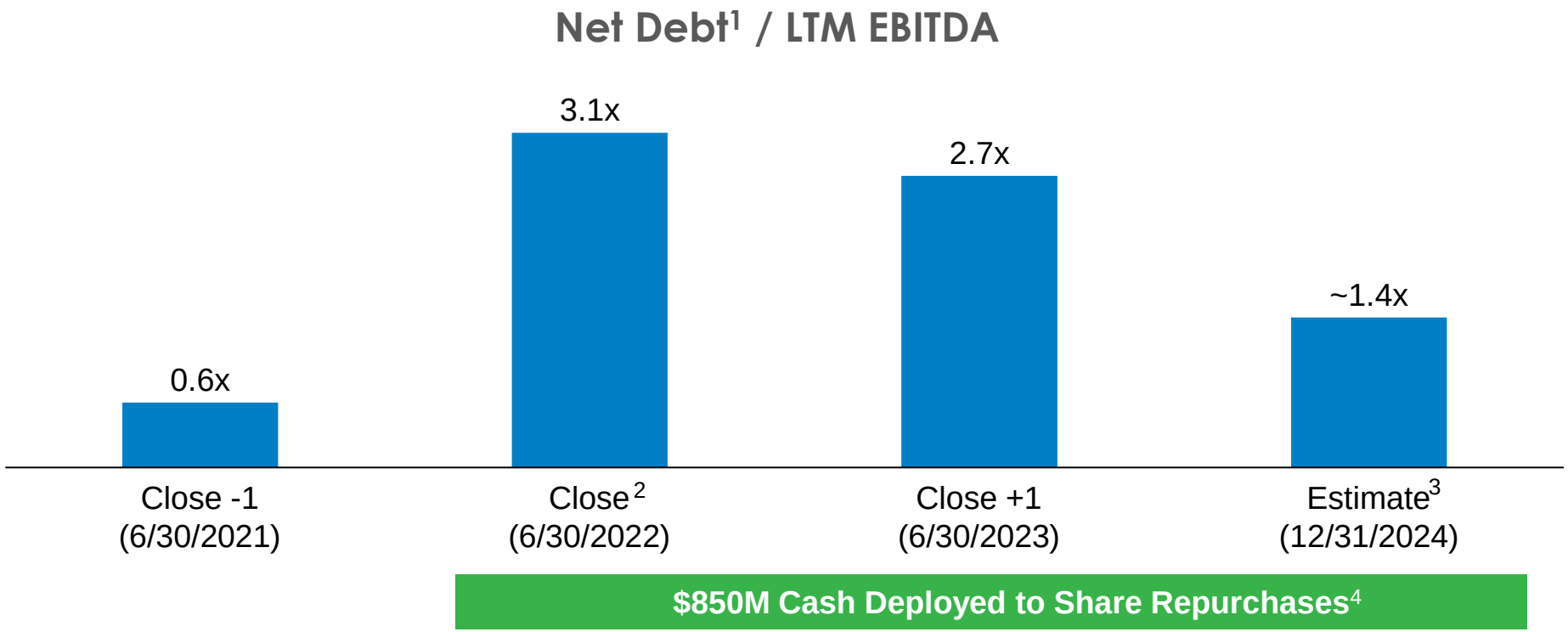
[7] 2023-2028 CAGR % is calculated from 2023 actual to 2028 midpoint

[8] Reconciliation between GAAP reported and non-GAAP financial information for actual results are provided at the end

All projections exclude the impact of potential future M&A

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Demonstrated Ability to Rapidly De-Lever Following M&A



LTM Revenue ($M)	$412	$487	$774	$970 - $1,020

[1] Net Debt calculated as consolidated funded indebtedness less cash, cash equivalents, and marketable securities
[2] Period ending 6/30/2022 corresponds with the Antares acquisition which closed on 5/23/2022
[3] Based on unaudited preliminary estimate of results
[4] Total Share Repurchases of $850M corresponds to the period of 7/1/2022 to 12/31/2024, inclusive of cash deployed for $250M ASR in December 2024

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GAAP to Non-GAAP Reconciliation: EBITDA and Adjusted EBITDA

Halozyme Therapeutics, Inc.
GAAP to Non-GAAP Reconciliation
Net Income and Diluted EPS
$ in Thousands, except per share amounts

	Twelve Months Ended December 31, 2023
GAAP Net Income	**$ 281,594**
Adjustments	
Investment and other income	(16,317)
Interest expense	18,762
Income tax	66,735
Depreciation and amortization	84,856
EBITDA	**435,630**
Adjustments	
Gain on changes in fair value of contingent liability[(1)]	(13,200)
Inventory write-off[(2)]	3,509
Transaction costs for business combinations[(3)]	278
Adjusted EBITDA	**$ 426,217**

(1) Amounts relates to a fair value gain on contingent liability due to the termination of the TLANDO license agreement in September 2023 ("TLANDO Termination").

(2) Amount relates to inventory write-off due to TLANDO Termination and amortization of the inventory step-up associated with purchase accounting for the prior year acquisition of Antares Pharma, Inc.

(3) Amount represents incremental costs including legal fees, accounting fees and advisory fees incurred for the prior year Antares acquisition.

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

Halozyme Therapeutics, Inc.
GAAP to Non-GAAP Reconciliation
Net Income and Diluted EPS
$ in Thousands, except per share amounts

	Twelve Months Ended December 31, 2023
GAAP Net Income	**$ 281,594**
Adjustments	
Share-based compensation	36,620
Amortization of debt discount	7,304
Amortization of intangible assets	71,266
Transaction costs for business combinations[1]	278
Amortization of inventory step-up at fair value[2]	2,560
Prior year income tax benefit	(5,375)
TLANDO Related Adjustments	
Gain on changes in fair value of contingent liability[3]	(13,200)
Inventory write-off[3]	3,509
Impairment charge of TLANDO product rights intangible asset[3]	2,507
Income tax effect of above adjustments[4]	(15,753)
Non-GAAP Net Income	**$ 371,310**
GAAP Diluted EPS	**$ 2.10**
Adjustments	
Share-based compensation	0.27
Amortization of debt discount	0.05
Amortization of intangible assets	0.53
Transaction costs for business combinations[1]	-
Amortization of inventory step-up at fair value[2]	0.02
Prior year income tax benefit	(0.04)
TLANDO Related Adjustments	
Gain on changes in fair value of contingent liability[3]	(0.10)
Inventory write-off[3]	0.03
Impairment charge of TLANDO product rights intangible asset[3]	0.02
Income tax effect of above adjustments[4]	(0.12)
Non-GAAP Diluted EPS	**$ 2.77**
GAAP & Non-GAAP Diluted Shares	**134,197**

(1) Amount represents incremental costs including legal fees, accounting fees and advisory fees incurred for the prior year Antares acquisition.

(2) Amounts relate to amortization of the inventory step-up associated with purchase accounting for the Antares acquisition.

(3) Amounts relate to a fair value gain on contingent liability, inventory write-off and impairment of TLANDO product rights intangible assets due to the TLANDO Termination.

(4) Adjustments relate to taxes for the reconciling items, as well as excess benefits or tax deficiencies from stock-based compensation, and the quarterly impact of other discrete items.

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

GAAP to Non-GAAP Reconciliation: EBITDA, Adjusted EBITDA and Diluted EPS

Halozyme Therapeutics, Inc.
GAAP to Non-GAAP Reconciliation
Preliminary Net Income and Diluted EPS Estimates
(Unaudited)
($ in Millions, except per share amounts)

	Twelve Months Ended December 31, 2024		
GAAP Net Income	**$ 419**	-	**$ 443**
Adjustments			
Investment and other income	(23)	-	(23)
Interest expense	18	-	18
Income tax	100	-	105
Depreciation and amortization	82	-	82
EBITDA	**595**	-	**625**
Adjustments			
Adjusted EBITDA	**$ 595**	-	**$ 625**
GAAP Diluted EPS	**$ 3.22**	-	**$ 3.40**
Adjustments			
Share-based compensation	0.32	-	0.35
Amortization of debt discount	0.06	-	0.06
Amortization of intangible assets	0.55	-	0.55
Income tax effect of above adjustments[(1)]	(0.15)	-	(0.16)
Non-GAAP Diluted EPS	**$ 4.00**	-	**$ 4.20**
GAAP Diluted Shares	**129.8**	-	**130.4**
Adjustments			
Adjustment for dilutive impact of senior 2028 Convertible Notes[(2)]	(0.4)	-	(0.4)
Non-GAAP Diluted Shares	**129.4**	-	**130.0**

(1) Adjustments relate to taxes for the reconciling items, as well as excess benefits or tax deficiencies from stock-based compensation, and the quarterly impact of other discrete items.

(2) Adjustment made for the dilutive effect of our Convertible Senior Notes due 2028 when the effect is not the same on a GAAP and non-GAAP basis for the reporting period.

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