

HALOZYME THERAPEUTICS INC
Form 10-Q
May 12, 2014

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, 2014
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 001-32335

HALOZYME THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

88-0488686
(I.R.S. Employer Identification No.)

11388 Sorrento Valley Road, San Diego, CA
(Address of principal executive offices)
(858) 794-8889
(Registrant's telephone number, including area code)

92121
(Zip Code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, was 124,508,798 as of May 5, 2014.

HALOZYME THERAPEUTICS, INC.
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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

HALOZYME THERAPEUTICS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except per share data)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$76,570	\$27,357
Marketable securities, available-for-sale	87,919	44,146
Accounts receivable, net	10,956	9,097
Inventories	6,765	6,170
Prepaid expenses and other assets	8,704	8,425
Total current assets	190,914	95,195
Property and equipment, net	3,628	3,422
Prepaid expenses and other assets	2,645	2,676
Restricted cash	500	500
Total Assets	\$197,687	\$101,793
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$8,658	\$3,135
Accrued expenses	12,272	14,369
Deferred revenue, current portion	13,026	7,398
Current portion of long-term debt, net	2,404	—
Total current liabilities	36,360	24,902
Deferred revenue, net of current portion	44,847	45,745
Long-term debt, net	47,389	49,772
Other long-term liabilities	2,343	1,364
Commitments and contingencies (Note 8)		
Stockholders' equity (deficit):		
Preferred stock - \$0.001 par value; 20,000 shares authorized; no shares issued and outstanding	—	—
Common stock - \$0.001 par value; 200,000 shares authorized; 124,483 and 114,533 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	124	115
Additional paid-in capital	475,249	361,930
Accumulated other comprehensive (loss) income	(25) 17
Accumulated deficit	(408,600) (382,052
Total stockholders' equity (deficit)	66,748	(19,990
Total Liabilities and Stockholders' Equity (Deficit)	\$197,687	\$101,793
See accompanying notes to condensed consolidated financial statements.		

HALOZYME THERAPEUTICS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (in thousands, except per share data)

	Three Months Ended March 31,	
	2014	2013
Revenues:		
Product sales, net	\$8,568	\$1,509
Royalties	799	—
Revenues under collaborative agreements	2,599	10,325
Total revenues	11,966	11,834
Operating expenses:		
Cost of product sales	5,520	739
Research and development	21,415	22,034
Selling, general and administrative	10,250	7,556
Total operating expenses	37,185	30,329
Operating loss	(25,219)	(18,495)
Other income (expense):		
Investment and other income	47	55
Interest expense	(1,376)	(848)
Net Loss	\$(26,548)	\$(19,288)
Basic and diluted net loss per share	\$(0.22)	\$(0.17)
Shares used in computing basic and diluted net loss per share	118,943	112,417
See accompanying notes to condensed consolidated financial statements.		

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