Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

In addition, our Minnetonka, Minnesota facility supports our administrative functions, product development and quality operations and ~~is intended to eventually provide~~ **provides** additional ~~manufacturing~~ **assembly** and warehousing capabilities ~~in the future. If we begin manufacturing and producing commercial products in the future~~ , ~~we will be~~ **and therefore is** subject to relevant risks comparable to those of our third- party manufacturers. For example, we may not be able to begin product manufacturing and production due to a number of different reasons including, but not limited to, an ability to obtain necessary supplies and materials, labor and expertise. To the extent we rely on our ability to manufacture and ship any of our proprietary and partnered products, our inability to do so could have a material adverse impact on our business, financial condition and results of operations. We rely on third parties to perform necessary services for our products including services related to the distribution, invoicing, rebates and contract administration, co- pay program administration, sample distribution and administration, storage and transportation of our products. If anything should impede their ability to meet their commitments this could impact our business performance. Depending on the product, we have retained third- party service providers to perform a variety of functions related to the distribution, invoicing, rebates and contract administration, co- pay program administration, sample distribution and administration, storage and transportation of our products, key aspects of which are out of our direct control. We place substantial reliance on these providers as well as other third- party providers that perform services for us, including, depending on the product, entrusting our inventories of products to their care and handling. We also may rely on third parties to administer our drug price reporting and rebate payments and contracting obligations under federal programs. Despite our reliance on third parties, we have responsibilities for compliance with the applicable legal and program requirements. By example, in certain states, we are required to hold licenses to distribute our products in these states and must comply with the associated state laws. Moreover, if these third- party service providers fail to meet expected deadlines, or otherwise do not carry out their contractual duties to us or encounter physical damage or a natural disaster at their facilities, our ability to deliver products to meet commercial demand would be significantly impaired. In addition, we may use third parties to perform various other services for us relating to regulatory monitoring, including adverse event reporting, safety database management and other product maintenance services. If our employees or any third- party service providers fail to comply with applicable laws and regulations, we and / or they may face regulatory or False Claims Act enforcement actions. Moreover, if the quality or accuracy of the data maintained by these service providers is insufficient, our ability to continue to market our products could be jeopardized or we and / or they could be subject to regulatory sanctions. We do not currently have the internal capacity to perform **all of** these important commercial functions, and we may not be able to maintain commercial arrangements for these services on reasonable terms. If we or any party to a key collaboration agreement fail to perform material obligations under such agreement, or if a key collaboration agreement ~~,~~ is terminated for any reason, our business could suffer. We have entered into multiple collaboration agreements under which we may receive significant future payments in the form of milestone payments, target designation fees, maintenance fees and royalties. We are heavily dependent on our partners to develop and commercialize product candidates subject to our collaborations in order for us to realize any financial benefits, including revenues from milestones, royalties and product sales from these collaborations. Our partners may not devote the attention and resources to such efforts that we would ourselves, change their clinical development plans, promotional efforts or simultaneously develop and commercialize products in competition to those products we have licensed to them. Any of these actions may not be visible to us immediately and could negatively impact our ability to forecast and our ability to achieve the benefits and revenue we receive from such collaboration. In addition, in the event that a party fails to perform under a key collaboration agreement, or if a key collaboration agreement is terminated, the reduction in anticipated revenues could negatively impact our operations. In addition, the termination of a key collaboration agreement by one or more of our partners could have a material adverse impact on our ability to enter into additional collaboration agreements with new partners on favorable terms, if at all. In certain circumstances, the termination of a key collaboration agreement would require us to revise our corporate strategy going forward and may lead us to reevaluate the applications and value of our technology. Hylenex and our partners' ENHANZE products and product candidates rely on the rHuPH20 enzyme, and any adverse development regarding rHuPH20 could substantially impact multiple areas of our business, including current and potential ENHANZE collaborations, as well as any proprietary programs. rHuPH20 is a key technological component of Hylenex and our ENHANZE technology and most of our ENHANZE partnered products and product candidates, including the current and future products and product candidates under our ENHANZE collaborations. We derive a substantial portion of our revenues from our ENHANZE collaborations. Therefore, if there is an adverse development for rHuPH20 (e. g., an adverse regulatory determination relating to rHuPH20, if we are unable to obtain sufficient quantities of rHuPH20, if we are unable to obtain or maintain material proprietary rights to rHuPH20 or if we discover negative characteristics of rHuPH20), multiple areas of our business, including current and potential collaborations, as well as proprietary programs would be substantially impacted. For example, elevated anti- rHuPH20 antibody titers were detected in the registration trial for HYQVIA as well as in a former partner' s product in a Phase 2 clinical trial with rHuPH20, but have not been associated, in either case, with any adverse events. We monitor for antibodies to rHuPH20 in our collaboration and proprietary programs, and although we do not believe at this time that the incidence of non- neutralizing anti- rHuPH20 antibodies in either the HYQVIA program or the former partner' s program will have a significant impact on our proprietary product and our partners' product and product candidates, there can be no assurance that there will not be other such occurrences in the foregoing programs or that concerns regarding these antibodies will not also be raised by the FDA or other health

authorities in the future, which could result in delays or discontinuations of our Hylenex commercialization activities, the development or commercialization activities of our ENHANZE partners, or deter our entry into additional ENHANZE collaborations with third parties. Our business strategy is focused on growth of our ENHANZE **and** ~~technology, our~~ auto-injector ~~technology~~ **technologies**, our commercial products and potential growth through acquisition. Currently, ENHANZE is the largest revenue driver and as a result there is a risk for potential negative impact from adverse developments. Future expansion of our strategic focus to additional applications of our ENHANZE technology or by acquiring new technologies may require the use of additional resources, result in increased expense and ultimately may not be successful. We routinely evaluate our business strategy, and may modify this strategy in the future in light of our assessment of unmet medical needs, growth potential, resource requirements, regulatory issues, competition, risks and other factors. As a result of these strategic evaluations, we may focus our resources and efforts on one or a few programs or fields and may suspend or reduce our efforts on other programs and fields. For example, in the fourth quarter of 2019, we decided to focus our resources on our ENHANZE technology and our commercial product, Hylenex. By focusing primarily on these areas, we increase the potential impact on us if one of those partner programs does not successfully complete clinical trials, achieve commercial acceptance or meet expectations regarding sales and revenue. We may also expand our strategic focus by seeking new therapeutics applications of our technology or by acquiring new technologies which may require the use of additional resources, increased expense and would require the attention of senior management. For example, in May 2022, we acquired Antares as a means to diversify the sources of our revenues. There can be no assurance that our investment in Antares or any such future investment of resources in new technologies will ultimately result in additional approved proprietary or partnered products or commercial success of new therapeutic applications of our technology. Our partnered or proprietary product candidates may not receive regulatory approvals or their development may be delayed for a variety of reasons, including delayed or unsuccessful clinical trials, regulatory requirements or safety concerns. If we or our partners fail to obtain, or have delays in obtaining, regulatory approvals for any product candidates, our business, financial condition and results of operations may be materially adversely affected ~~or delayed~~. Clinical testing of pharmaceutical products is a long, expensive and uncertain process, and the failure or delay of a clinical trial can occur at any stage, including the patient enrollment stage. Even if initial results of preclinical and nonclinical studies or clinical trial results are promising, our partners may obtain different results in subsequent trials or studies that fail to show the desired levels of dose safety and efficacy, or we or our partners may not obtain applicable regulatory approval for our products for a variety of other reasons. Preclinical, nonclinical, and clinical trials for proprietary or partnered product candidates could be unsuccessful, which would delay or preclude regulatory approval and commercialization of the product candidates. In the U. S. and other jurisdictions, regulatory approval can be delayed, limited or not granted for many reasons, including, among others: • during the course of clinical studies, the final data from later Phase 3 studies may differ from data observed in early phase clinical trials, and clinical results may not meet prescribed endpoints for the studies or otherwise provide sufficient data to support the efficacy of our partners' product candidates; • clinical and nonclinical test results may reveal inferior pharmacokinetics, adverse events or unexpected safety issues associated with the use of our partners' product candidates; • regulatory review may not find that the data from preclinical testing and clinical trials justifies approval; • regulatory authorities may require that we or our partners change our studies or conduct additional studies which may significantly delay or make continued pursuit of approval commercially unattractive; • a regulatory agency may reject our and our partners' trial data or disagree with their interpretations of either clinical trial data or applicable regulations; • a regulatory agency may require additional safety monitoring and reporting through Risk Evaluation and Mitigation Strategies including conditions to assure safe use programs and we or a partner may decide to not pursue regulatory approval for a such a product; • a regulatory agency may not approve our manufacturing processes or facilities, or the processes or facilities of our partners, our contract manufacturers or our raw material suppliers; • failure of our or our partners' contract research organization, or CRO, to properly perform the clinical trial in accordance with the written protocol, our contractual obligations with them or applicable regulatory requirements; • a regulatory agency may identify problems or other deficiencies in our existing manufacturing processes or facilities, or the existing processes or facilities of our partners, our contract manufacturers or our raw material suppliers; • a regulatory agency may change its formal or informal approval requirements and policies, act contrary to previous guidance, adopt new regulations or raise new issues or concerns late in the approval process; or • a proprietary or partnered product candidate may be approved only for indications that are narrow or under conditions that place the product at a competitive disadvantage, which may limit the sales and marketing activities for such product candidate or otherwise adversely impact the commercial potential of a product. If a proprietary or partnered product candidate is not approved in a timely fashion or approval is not obtained on commercially viable terms, or if development of any product candidate is terminated due to difficulties or delays encountered in the regulatory approval process, it could have a material adverse impact on our business, financial condition and results of operation and we would become more dependent on the development of other proprietary or partnered product candidates and / or our ability to successfully acquire other technologies. There can be no assurances that ~~we or our~~ any **proprietary or** partnered product candidate will receive regulatory approval in a timely manner, or at all. There can be no assurance that partners will be able to gain clarity as to the FDA' s requirements or that the requirements may be satisfied in a commercially feasible way, in which case our ability to enter into collaborations with third parties or explore other strategic alternatives to exploit an opportunity will be limited or may not be possible. We anticipate that certain proprietary or partnered products will be marketed, and perhaps manufactured, in foreign countries. The process of obtaining regulatory approvals in foreign countries is subject to delay and failure for the reasons set forth above, as well as for reasons that vary from jurisdiction to jurisdiction. The approval process varies among countries and jurisdictions and can involve additional testing. The time required to obtain approval **in foreign countries** may differ from that required to obtain FDA approval. Foreign regulatory agencies may not provide approvals on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by

regulatory authorities in other foreign countries or jurisdictions or by the FDA. Our third- party partners are responsible for providing certain proprietary materials that are essential components of our partnered products and product candidates, and any failure to supply these materials could delay the development and commercialization efforts for these partnered products and product candidates and / or harm our collaborations. Our partners are also responsible for distributing and commercializing their products, and any failure to successfully commercialize their products could materially adversely affect our revenues. Our development and commercialization partners are responsible for providing certain proprietary materials that are essential components of our partnered products and product candidates. For example, Roche is responsible for producing the Herceptin and MabThera required for its subcutaneous products and Takeda is responsible for producing the GAMMAGARD LIQUID for its product HYQVIA. If a partner, or any applicable third party service provider of a partner, encounters difficulties in the manufacture, storage, delivery, fill, finish or packaging of the partnered product or product candidate or component of such product or product candidate, such difficulties could (i) cause the delay of clinical trials or otherwise delay or prevent the regulatory approval of partnered product candidates; and / or (ii) delay or prevent the effective commercialization of partnered products. Such delays could have a material adverse effect on our business and financial condition. We also rely on our partners to commercialize and distribute their products and if they are unsuccessful in commercializing ~~their~~ **certain** products, the resulting royalty revenue we would receive may be lower than expected. If we or our partners fail to comply with regulatory requirements applicable to promotion, sale and manufacturing of approved products, regulatory agencies may take action against us or them, which could harm our business. Any approved products, along with the manufacturing processes, post-approval clinical data requirements, labeling, advertising and promotional activities for these products, are subject to continual requirements and review by the FDA, **and** state and foreign regulatory bodies. Regulatory authorities subject a marketed product, its manufacturer and the manufacturing facilities to continual review and periodic inspections. We, our partners and our respective contractors, suppliers and vendors, will be subject to ongoing regulatory requirements, including complying with regulations and laws regarding advertising, promotion and sales of drug products, required submissions of safety and other post-market information and reports, registration requirements, cGMP regulations (including requirements relating to quality control and quality assurance, as well as the corresponding maintenance of records and documentation), and the requirements regarding the distribution of samples to physicians and recordkeeping requirements. Further, because some of our proprietary and partnered products and product candidates are drug / device combination products, we and our partners will have to comply with extensive regulatory requirements than would otherwise be required for products that are not combination products. Regulatory agencies may change existing requirements or adopt new requirements or policies. We, our partners and our respective contractors, suppliers and vendors, may be slow to adapt or may not be able to adapt to these changes or new requirements. In particular, regulatory requirements applicable to pharmaceutical products make the substitution of suppliers and manufacturers costly and time consuming. We have minimal internal manufacturing capabilities and are, and expect to be in the future, substantially dependent on contract manufacturers and suppliers for the manufacture of our products and for their active and other ingredients. The disqualification of these manufacturers and suppliers through their failure to comply with regulatory requirements could negatively impact our business because the delays and costs in obtaining and qualifying alternate suppliers (if such alternative suppliers are available, which we cannot assure) could delay our or our partners' clinical trials or otherwise inhibit our or partners' ability to bring approved products to market, which would have a material adverse effect on our business and financial condition. Likewise, if we, our partners and our respective contractors, suppliers and vendors involved in sales and promotion of our products do not comply with applicable laws and regulations, for example off- label or false or misleading promotion, this could materially harm our business and financial condition. Failure to comply with regulatory requirements may result in adverse regulatory actions including but not limited to, any of the following: • restrictions on our or our partners' products or manufacturing processes; • warning letters; • withdrawal of our or our partners' products from the market; • voluntary or mandatory recall; • fines; • suspension or withdrawal of regulatory approvals; • suspension or termination of any of our partners' ongoing clinical trials; • refusal to permit the import or export of our or our partners' products; • refusal to approve pending applications or supplements to approved applications that we submit; • product seizure; • injunctions; or • imposition of civil or criminal penalties. Failure **of** ~~to successfully integrate the Antares business, or~~ **our** ~~failure of the Antares~~ **auto- injector and specialty products** business to perform could adversely impact ~~our stock price and~~ future business and operations. ~~In May 2022, we completed the acquisition of Antares. Our integration of the Antares business into our operations will be a complex and time- consuming process that may not be successful. The primary areas of focus for successfully combining the business of Antares with our operations may include, among others: retaining and integrating key employees, integrating information, communications and other systems, and managing the growth of the combined company. Even if we successfully integrate the business of Antares into our operations, we may not realize the anticipated benefits.~~ We acquired **the** Antares **auto- injector and specialty products business** with the expectation that the acquisition will result in various benefits for the combined company, including providing an opportunity for increased revenues through growth of device revenue and commercial products and development of a new high volume auto- injector. Increased competition, unresolvable technical issues and / or deterioration in business conditions may limit our ability to grow this business. As such, we may not be able to realize the benefits anticipated in connection with the acquisition. Business interruptions resulting from pandemics or similar public health crises could cause a disruption of the development of our and our partnered product candidates and commercialization of our approved and our partnered products, impede our ability to supply bulk rHuPH20 to our ENHANZE partners or procure and sell our proprietary products and otherwise adversely impact our business and results of operations. Public health crises such as pandemics or similar outbreaks could adversely impact our business and results of operations by, among other things, disrupting the development of our and our partnered product candidates and commercialization of our and our partnered approved products, causing disruptions in the operations of our third- party contract manufacturing organizations upon whom we rely for the production and supply of our proprietary products, including Hylenex and the bulk rHuPH20 we supply to our partners, and

causing other disruptions to our operations. For example, the COVID- 19 pandemic led to the implementation of various responses, including government- imposed quarantines, travel restrictions and other public health safety measures. The extent to which future pandemics impact our operations and / or those of our partners will depend on future developments, which are highly uncertain and unpredictable, including the duration or recurrence of outbreaks, potential future government actions, new information that will emerge concerning the severity and impact of that pandemic and the actions to contain the pandemic or address its impact in the short and long term, among others. The business disruptions associated with a global pandemic could impact the business, product development priorities and operations of our partners, including potential delays in manufacturing their product candidates or approved products. For example, clinical trial conduct may be impacted in geographies affected by a pandemic. The progress or completion of these clinical trials could be adversely impacted by the pandemic. Additionally, interruption or delays in the operations of the FDA, the EMA and other similar foreign regulatory agencies, or changes in regulatory priorities to focus on the pandemic, may affect required regulatory review, inspection, clearance and approval timelines. Disruptions such as these could result in delays in the development programs of our partnered products or impede the commercial efforts for approved products, resulting in potential reductions or delays in our revenues from partner royalty or milestone payments. We rely on many third parties to source active pharmaceutical ingredient and drug products, manufacture and assemble our devices, distribute finished products and provide various logistics activities in order to manufacture and sell our partnered and proprietary products. For example, we rely on third- party manufacturers to manufacture the bulk rHuPH20 that we supply to our partners for their commercial products and product candidates, as well as our commercial product Hylenex. If any such third party manufacturer is adversely impacted by a pandemic and related consequences, including staffing shortages, production slowdowns and disruptions in delivery systems, availability of raw materials, reagents or components or if they divert resources or manufacturing capacity to accommodate the development of ~~coronavirus~~ treatments or vaccines, our supply chain may be disrupted, limiting our ability to sell Hylenex or supply bulk rHuPH20 to our partners. Any such disruptions to the operations of the third parties upon whom we rely to manufacture and sell our partnered and proprietary products could result in reductions or delays in our revenues. We may need to raise additional capital in the future and there can be no assurance that we will be able to obtain such funds. We may need to raise additional capital in the future to fund our operations for general corporate purposes if we do not achieve the level of revenues we expected. Our current cash reserves and expected revenues may not be sufficient for us to fund general operations and conduct our business at the level desired. In addition, if we engage in acquisitions of companies, products or technologies in order to execute our business strategy, we may need to raise additional capital. We may raise additional capital in the future through one or more financing vehicles that may be available to us including (i) new collaborative agreements; (ii) expansions or revisions to existing collaborative relationships; (iii) private financings; (iv) other equity or debt financings; (v) monetizing assets; and / or (vi) the public offering of securities. If we are required to raise additional capital in the future, it may not be available on favorable financing terms within the time required, or at all. If additional capital is not available on favorable terms when needed, we will be required to raise capital on adverse terms or significantly reduce operating expenses through the restructuring of our operations or deferral of strategic business initiatives. If we raise additional capital through a public offering of securities or equity, a substantial number of additional shares of our common stock may be issued, which will dilute the ownership interest of our current investors and may negatively affect our stock price. We currently have significant debt and **may** ~~expect to~~ incur additional debt. Failure by us to fulfill our obligations under the applicable debt agreements may cause repayment obligations to accelerate. The aggregate amount of our consolidated indebtedness, net of debt discount, as of December 31, ~~2022~~ **2023** was $ 1, ~~506~~ **499** . ~~1~~ **2** million, which includes $ ~~13~~ **805** . ~~5~~ **0** million in aggregate principal amount of the ~~2024 Convertible Notes and $ 805. 0 million in aggregate principal amount of the~~ 2027 Convertible Notes and $ 720. 0 million in aggregate principal of the 2028 Convertible Notes, net of unamortized debt discount of $ **11.** 0 ~~. 1~~ million ~~,~~ **and** $ 14. **8** ~~4 million and $ 17. 9~~ million for the ~~2024 Convertible Notes,~~ 2027 Convertible Notes and 2028 Convertible Notes, respectively. Our indebtedness may: • make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on our indebtedness; • limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general corporate purposes; • limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions, share repurchases or other general business purposes; • require us to use a portion of our cash flow from operations to make debt service payments; • limit our flexibility to plan for, or react to, changes in our business and industry; • place us at a competitive disadvantage compared to our less leveraged competitors; and • increase our vulnerability to the impact of adverse economic and industry conditions. In addition, our 2022 Credit Agreement includes certain affirmative and negative covenants, that, among other things, may restrict our ability to: create liens on assets; incur additional indebtedness; make investments; make acquisitions and other fundamental changes; and sell and dispose of property or assets. The 2022 Credit Agreement also includes financial covenants requiring us to maintain, measured as of the end of each fiscal quarter, a maximum consolidated net leverage ratio of 4. 75 to 1. 00 initially, which declines to 4. 00 to 1. 00 over the term of the loan facility, and a minimum consolidated interest coverage ratio of 3. 00 to 1. 00. The 2022 Credit Agreement also contains customary representations and warranties and events of default. Complying with the covenants contained in the 2022 Credit Agreement could make it more difficult for us to execute our business strategy. Further, in the event of default by us under the 2022 Credit Agreement, the lenders would be entitled to exercise their remedies thereunder, including the right to accelerate the debt, upon which we may be required to repay all amounts then outstanding under the 2022 Credit Agreement which would harm our financial condition. Our ability to make payments on our existing or any future debt will depend on our future operating performance and ability to generate cash and may also depend on our ability to obtain additional debt or equity financing. It will also depend on financial, business or other factors affecting our operations, many of which are beyond our control. We will need to use cash to pay principal and interest on our debt, thereby reducing the funds available to fund operations, strategic initiatives and working capital requirements. If we are unable to generate sufficient cash to service our debt obligations, an event of default may occur

under any of our debt instruments which could result in an acceleration of such debt upon which we may be required to repay all the amounts outstanding under some or all of our debt instruments. Such an acceleration of our debt obligations could harm our financial condition. From time to time, we may seek to retire or repurchase our outstanding debt through cash purchases and / or exchanges for equity or debt, in open- market purchases, privately negotiated transactions or otherwise. Any such repurchases or exchanges would be on such terms and at such prices as we determine, and will depend on current market conditions, our liquidity needs, any restrictions in our contracts and other factors. The amounts involved in such transactions could be material. The conditional conversion feature of the Convertible Notes, if triggered, may adversely affect our financial condition and operating results. In the event the conditional conversion feature of the Convertible Notes is triggered, holders of the Convertible Notes will be entitled to convert the notes at any time during specified periods at their option. If one or more holders elect to convert their notes, we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. Even if holders of the Convertible Notes do not elect to convert their notes, we are required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long- term liability when the conditional conversion feature is triggered, which results in a material reduction of our net working capital. ~~For example, as of December 31, 2022, the conditional conversion feature was triggered and our 2024 Convertible Notes are classified as a current liability.~~ Conversion of our Convertible Notes may dilute the ownership interest of existing stockholders or may otherwise depress the price of our common stock. The conversion of some or all of our Convertible Notes, to the extent we deliver shares upon conversion, will dilute the ownership interests of existing stockholders. Any sales in the public market of the Convertible Notes or our common stock issuable upon conversion of the Convertible Notes could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Notes may encourage short selling by market participants because the conversion of the Convertible Notes could be used to satisfy short positions, or anticipated conversion of the Convertible Notes into shares of our common stock could depress the price of our common stock. If proprietary or partnered product candidates are approved for commercialization but do not gain market acceptance resulting in commercial performance below that which was expected or projected, our business may suffer. Assuming that existing or future proprietary or partnered product candidates obtain the necessary regulatory approvals for commercial sale, a number of factors may affect the market acceptance of these newly- approved products, including, among others: • the degree to which the use of these products is restricted by the approved product label; • the price of these products relative to other therapies for the same or similar treatments; • the extent to which reimbursement for these products and related treatments will be available from third - party payers including government insurance programs and private insurers; • the introduction of generic or biosimilar competitors to these products; • the perception by patients, physicians and other members of the health care community of the effectiveness and safety of these products for their prescribed treatments relative to other therapies for the same or similar treatments; • the ability and willingness of our partners to fund sales and marketing efforts; and • the effectiveness of the sales and marketing efforts of our partners. If these proprietary or partnered products do not gain or maintain market acceptance or experience reduced sales resulting in commercial performance below that which was expected or projected, the revenues we expect to receive from these products will be diminished which could harm our ability to fund future operations, including conduct acquisitions, execute our planned share repurchases, or affect our ability to use funds for other general corporate purposes and cause our business to suffer. In addition, our proprietary or partnered product candidates will be restricted to the labels approved by FDA and applicable regulatory bodies, and these restrictions may limit the marketing and promotion of the ultimate products. If the approved labels are restrictive, the sales and marketing efforts for these products may be negatively affected. Our ability to license our ENHANZE and device technologies to our partners depends on the validity of our patents and other proprietary rights. Patents and other proprietary rights are essential to our business. Our success will depend in part on our ability to obtain and maintain patent protection for our inventions, to preserve our trade secrets and to operate without infringing the proprietary rights of third parties. We have multiple patents and patent applications throughout the world pertaining to our recombinant human hyaluronidase and methods of use and manufacture, including an issued U. S. patent which expires in 2027 ~~and ,~~ an issued European patent which expires in 2024 **and additional patents that are valid into 2029** , which we believe cover the products and product candidates under our existing collaborations, and Hylenex. Although we believe our patent filings represent a barrier to entry for potential competitors looking to utilize these hyaluronidases, upon expiration of our patents other pharmaceutical companies may (if they do not infringe our other patents) seek to compete with us by developing, manufacturing and selling biosimilars to the active drug ingredient in our ENHANZE technology used by our partners in combination with their products. Any such loss of patent protection or proprietary rights could lead to a reduction or loss of revenues, incentivize one or more of our key ENHANZE partners to terminate their relationship with us and impact our ability to enter into new collaboration and license agreements. Developing, manufacturing and marketing pharmaceutical products for human use involves significant product liability risks for which we may have ~~sufficient~~ **insufficient** insurance coverage. The development, manufacture, testing, marketing and sale of pharmaceutical products and medical devices involves the risk of product liability claims by consumers and other third parties. Product liability claims may be brought by individuals seeking relief for themselves, or by groups seeking to represent a class of injured patients. Further, third- party payers, either individually or as a putative class, may bring actions seeking to recover monies spent on one of our products. Although we maintain product liability insurance coverage, product liability claims can be high in the pharmaceutical industry, and our insurance may not sufficiently cover our actual liabilities. If product liability claims were to be made against us, it is possible that the liabilities may exceed the limits of our insurance policy, or our insurance carriers may deny, or attempt to deny, coverage in certain instances. If a lawsuit against us is successful, then the insurance coverage may not be sufficient and could materially and adversely affect our business and financial condition. Furthermore, various distributors of pharmaceutical products require minimum product liability insurance coverage before purchase or acceptance of products for distribution. Failure to satisfy these insurance requirements could impede our ability to achieve broad distribution of our proposed products,

and higher insurance requirements could impose additional costs on us. In addition, since many of our partnered product candidates include the pharmaceutical products of a third - party, we run the risk that problems with the third- party pharmaceutical product will give rise to liability claims against us. Product liability claims can also result in additional regulatory consequences including, but not limited to, investigations and regulatory enforcement actions, as well as recalls, revocation ~~or~~ **of** approvals, or labeling, marketing or promotional restrictions or changes. Product liability claims could also harm our reputation and the reputation of our products, adversely affecting our ability to market our products successfully. In addition, defending a product liability lawsuit is expensive and can divert the attention of our key employees from operating our business. Such claims can also impact our ability to initiate or complete clinical trials. If our partners do not achieve projected development, clinical, or regulatory goals in the timeframes publicly announced or otherwise expected, the commercialization of our partners products may be delayed and, as a result, ~~,~~ our business, financial condition, and results of operations may be adversely affected ~~or delayed~~ . From time to time, our ~~collaborators~~ **partners** may publicly articulate the estimated timing for the accomplishment of certain scientific, clinical, regulatory and other product development goals. The accomplishment of any goal is typically based on numerous assumptions, and the achievement of a particular goal may be delayed for any number of reasons both within and outside of our and our ~~collaborators~~ **partners** ' control. If scientific, regulatory, strategic or other factors cause a collaboration partner to not meet a goal, regardless of whether that goal has been publicly articulated or not, our stock price may decline rapidly. Stock price declines may also trigger direct or derivative shareholder lawsuits. As with any litigation proceeding, the eventual outcome of any legal action is difficult to predict. If any such lawsuits occur, we will incur expenses in connection with the defense of these lawsuits, and we may have to pay substantial damages or settlement costs in connection with any resolution thereof. Although we have insurance coverage against which we may claim recovery against some of these expenses and costs, the amount of coverage may not be adequate to cover the full amount or certain expenses and costs may be outside the scope of the policies we maintain. In the event of an adverse outcome or outcomes, our business could be materially harmed from depletion of cash resources, negative impact on our reputation, or restrictions or changes to our governance or other processes that may result from any final disposition of the lawsuit. Moreover, responding to and defending pending litigation significantly diverts management' s attention from our operations. In addition, the consistent failure to meet publicly announced milestones may erode the credibility of our management team with respect to future milestone estimates. Future acquisitions could disrupt our business and impact our financial condition. In order to augment and extend our revenue **,** we acquired Antares in May 2022 and we may decide to acquire additional businesses, products and technologies. As we have limited experience in evaluating and completing acquisitions, our ability as an organization to make such acquisitions is unproven. Acquisitions could require significant capital infusions and could involve many risks, including, but not limited to, the following: • we may have to issue additional convertible debt or equity securities to complete an acquisition, which would dilute our stockholders and could adversely affect the market price of our common stock; • an acquisition may negatively impact our results of operations because it may require us to amortize or write down amounts related to goodwill and other intangible assets, or incur or assume substantial debt or liabilities, or it may cause adverse tax consequences, substantial depreciation or deferred compensation charges; • we may encounter difficulties in assimilating and integrating the business, products, technologies, personnel or operations of companies that we acquire; • certain acquisitions may impact our relationship with existing or potential partners who are competitive with the acquired business, products or technologies; • acquisitions may require significant capital infusions and the acquired businesses, products or technologies may not generate sufficient value to justify acquisition costs; • we may take on liabilities from the acquired company such as debt, legal liabilities or business risk which could be significant; • an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management; • acquisitions may involve the entry into a geographic or business market in which we have little or no prior experience; and • key personnel of an acquired company may decide not to work for us. If any of these risks occurred, it could adversely affect our business, financial condition and operating results. There is no assurance that we will be able to identify or consummate any future acquisitions on acceptable terms, or at all. If we do pursue any future acquisitions, it is possible that we may not realize the anticipated benefits from such acquisitions or that the market will not view such acquisitions positively. Our effective tax rate may fluctuate, and we may incur obligations in tax jurisdictions in excess of accrued amounts. Our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of such places. Nevertheless, our effective tax rate may be different than experienced in the past due to numerous factors, including changes in the mix of our profitability between different tax jurisdictions, the results of examinations and audits of our tax filings, our inability to secure or sustain acceptable agreements with tax authorities, changes in accounting for income taxes and changes in tax laws. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations and may result in tax obligations in excess of amounts accrued in our financial statements. In addition, on September 30, 2021, we determined, based on our facts and circumstances, that it was more likely than not that a substantial portion of our deferred tax assets would be realized and, as a result, substantially all of our valuation allowance against our deferred tax assets was released. This resulted in substantially and disproportionately increasing our reported net income and our earnings per share compared to our operating results for 2021. Historical and future comparisons to these amounts are not, and will not be, indicative of actual profitability trends for our business. Starting in 2022, we recorded income tax expense at an estimated tax rate that approximate statutory tax rates, resulting a reduction in our net income and net income per share. Risks Related To Ownership of Our Common Stock Our stock price is subject to significant volatility. We participate in a highly dynamic industry which often results in significant volatility in the market price of common stock irrespective of company performance. The high and low sales prices of our common stock during the twelve months ended December 31, ~~2022~~ **2023** were $ ~~59~~ **57** . ~~46~~ **00** and $ ~~31~~ **29** . ~~36~~ **85** , respectively. In addition to the other risks and uncertainties described elsewhere in this Annual Report on Form 10- K and all other risks and uncertainties that are either not known to us at this time or which we deem

to be immaterial, any of the following factors may lead to a significant drop in our stock price: • the presence of competitive products to those being developed by our partners; • failure (actual or perceived) of our partners to devote attention or resources to the development or commercialization of partnered products or product candidates licensed to such partner; • a dispute regarding our failure, or the failure of one of our partners, to comply with the terms of a collaboration agreement; • the termination, for any reason, of any of our collaboration agreements; • the sale of common stock by any significant stockholder, including, but not limited to, direct or indirect sales by members of management or our Board of Directors; • the resignation, or other departure, of members of management or our Board of Directors; • general negative conditions in the healthcare industry; • pandemics or other global crises; • general negative conditions in the financial markets; • the cost associated with obtaining regulatory approval for any of our proprietary or partnered product candidates; • the failure, for any reason, to secure or defend our intellectual property position; • the failure or delay of applicable regulatory bodies to approve our proprietary or partnered product candidates; • identification of safety or tolerability issues associated with our proprietary or partnered products or product candidates; • failure of our or our partners' clinical trials to meet efficacy endpoints; • suspensions or delays in the conduct of our or our partners' clinical trials or securing of regulatory approvals; • adverse regulatory action with respect to our proprietary or partnered products and product candidates such as loss of regulatory approval to commercialize such products, clinical holds, imposition of onerous requirements for approval or product recalls; • our failure, or the failure of our partners, to successfully commercialize products approved by applicable regulatory bodies such as the FDA; • our failure, or the failure of our partners, to generate product revenues anticipated by investors; • disruptions in our clinical or commercial supply chains, including disruptions caused by problems with a bulk rHuPH20 contract manufacturer or a fill and finish manufacturer for any product or product collaboration candidate; • the sale of additional debt and / or equity securities by us; • our failure to obtain financing on acceptable terms or at all; • a restructuring of our operations; • an inability to execute our share repurchase program in the time and manner we expect due to market, business, legal or other considerations; or • a conversion of the Convertible Notes into shares of our common stock. Future transactions where we raise capital may negatively affect our stock price. We are currently a " Well- Known Seasoned Issuer " and may file automatic shelf registration statements at any time with the SEC. Sales of substantial amounts of shares of our common stock or other securities under any future shelf registration statements could lower the market price of our common stock and impair our ability to raise capital through the sale of equity securities. Anti- takeover provisions in our charter documents, the Indentures and Delaware law may make an acquisition of us more difficult. Anti- takeover provisions in our charter documents, the Indentures and Delaware law may make an acquisition of us more difficult. First, our Board of Directors is classified into three classes of directors. Under Delaware law, directors of a corporation with a classified board may be removed only for cause unless the corporation' s certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation ~~,~~ does not provide otherwise. In addition, our bylaws limit who may call special meetings of stockholders, permitting only stockholders holding at least 50 % of our outstanding shares to call a special meeting of stockholders. Our amended and restated certificate of incorporation does not include a provision for cumulative voting for directors. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors. Finally, our bylaws establish procedures, including advance notice procedures, with regard to the nomination of candidates for election as directors and stockholder proposals. These provisions in our charter documents may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors other than the candidates nominated by our Board of Directors. Further, in connection with our Convertible Notes issuances, we have entered into indentures, dated as of ~~November 18, 2019, of~~ March 1, 2021 and August 18, 2022 (the " Indentures ") **,** with The Bank of New York Mellon Trust Company, N. A., as trustee. Certain provisions in the Indentures could make it more difficult or more expensive for a third party to acquire us. For example, if a takeover would constitute a fundamental change, holders of the Convertible Notes will have the right to require us to repurchase their Convertible Notes in cash. In addition, if a takeover constitutes a make- whole fundamental change, we may be required to increase the conversion rate for holders who convert their Convertible Notes in connection with such takeover. In addition, a change of control constitutes an event of default under our 2022 Credit Agreement. Such event of default could result in the administrative agent or the lender parties thereto declaring the unpaid principal, all accrued and unpaid interest, and all other amounts owing or payable under the 2022 Credit Agreement to be immediately due and payable. In either case, and in other cases, our obligations under the Convertible Notes and the Indentures could increase the cost of acquiring us or otherwise discourage a third **-** party from acquiring us or removing incumbent management **.** In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit large stockholders from consummating a merger with, or acquisition of, us. These provisions may deter an acquisition of us that might otherwise be attractive to stockholders. Risks Related to Our Industry Our ~~or~~ **and** our partnered products must receive regulatory approval before they can be sold, and compliance with the extensive government regulations is expensive and time consuming and may result in the delay or cancellation of our or our partnered product sales, introductions or modifications. Extensive industry regulation has had, and will continue to have, a significant impact on our business. All pharmaceutical and medical device companies, including ours, are subject to extensive, complex, costly and evolving regulation by the health regulatory agencies including the FDA (and with respect to controlled drug substances, the U. S. Drug Enforcement Administration (DEA)) and equivalent foreign regulatory agencies and state and local / regional government agencies. The Federal Food, Drug and Cosmetic Act, the Controlled Substances Act and other domestic and foreign statutes and regulations govern or influence the testing, manufacturing, packaging, labeling, storing, recordkeeping, safety, approval, advertising, promotion, sale and distribution of our products and our partners' products and product candidates. We are dependent on receiving FDA and other governmental approvals, including regulatory approvals in jurisdictions outside the United States, prior to manufacturing, marketing and shipping our products. Consequently, there is

always a risk that the FDA or other applicable governmental authorities, including those outside the United States, will not approve our or our partners' products or may impose onerous, costly and time- consuming requirements such as additional clinical or animal testing. Regulatory authorities may require that our partners change our studies or conduct additional studies, which may significantly delay or make continued pursuit of approval commercially unattractive to our partners. For example, the approval of the HYQVIA BLA was delayed by the FDA until we and our partner provided additional preclinical data sufficient to address concerns regarding non- neutralizing antibodies to rHuPH20 that were detected in the registration trial. Although these antibodies have not been associated with any known adverse clinical effects, and the HYQVIA BLA was ultimately approved by the FDA, the FDA or other foreign regulatory agency may, at any time, halt our and our partners' development and commercialization activities due to safety concerns. In addition, even if our proprietary or partnered products are approved, regulatory agencies may also take post- approval action limiting or revoking our or our partners' ability to sell these products. Any of these regulatory actions may adversely affect the economic benefit we may derive from our proprietary or our partnered products and therefore harm our financial condition. Under certain of these regulations, in addition to our partners, we and our contract suppliers and manufacturers are subject to periodic inspection of our or their respective facilities, procedures and operations and / or the testing of products by the FDA, the DEA and other authorities, which conduct periodic inspections to confirm that we and our contract suppliers and manufacturers are in compliance with all applicable regulations. The FDA also conducts pre- approval and post- approval reviews and plant inspections to determine whether our systems, or our contract suppliers' and manufacturers' processes, are in compliance with cGMP and other FDA regulations. If our partners, we, or our contract suppliers and manufacturers, fail these inspections, our partners may not be able to commercialize their products in a timely manner without incurring significant additional costs, or at all. In addition, the FDA imposes a number of complex regulatory requirements on entities that advertise and promote pharmaceuticals including, but not limited to, standards and regulations for direct- to- consumer advertising, off- label promotion, industry- sponsored scientific and educational activities, and promotional activities involving the Internet. Because some of our and our partners' products and product candidates are considered to be drug / device combination products, the approval and post- approval requirements that we and they are required to comply with can be more complex. Many of our and our partners' products and product candidates are considered to be drug / device combination products by the FDA, consisting of a drug product and a drug delivery device. If marketed individually, each component would be subject to different regulatory pathways and reviewed by different centers within the FDA. A combination product, however, is assigned to a center that will have primary jurisdiction over its pre- market review and regulation based on a determination of the product' s primary mode of action, which is the single mode of action that provides the most important therapeutic action. In the case of our and our partners' products and product candidates, the primary mode of action is typically attributable to the drug component of the products, which means that the Center of Drug Evaluation and Research has primary jurisdiction over the products' premarket development and review. These products and product candidates will be and have been subject to the FDA drug approval process and will not require a separate FDA clearance or approval for the device component. Even though these products and product candidates will not require a separate FDA clearance or approval, both the drug and device centers within the FDA will review the marketing application for safety, the efficacy of both the drug and device component, including the design and reliability of the injector, and a number of other different areas, such as to ensure that the drug labeling adequately discloses all relevant information and risks, and to confirm that the instructions for use are accurate and easy to use. These reviews could increase the time needed for review completion of a successful application and may require additional studies, such as usage studies, to establish the validity of the instructions for use. Such reviews and requirements may extend the time necessary for the approval of drug- device combinations. In the case of combination product candidates for which we or our partners are seeking approval via the ANDA pathway, it is also possible that the agency may decide that the unique nature of combination products leads it to question the claims of bioequivalence and / or same labeling, resulting in the need to refile the application under Section 505 (b) (2) of the Federal Food, Drug and Cosmetic Act. This may result in delays in product approval and may cause us or our partners to incur additional costs associated with testing, including clinical trials. Approval via the 505 (b) (2) pathway may also result in additional selling expenses and a decrease in market acceptance due to the lack of substitutability by pharmacies or formularies. In addition, approval under the 505 (b) (2) or ANDA regulatory pathway is not a guarantee of an exclusive position for the approved product in the marketplace. Further, although precedent and guidance exist for the approval of such combination products, the FDA could change what it requires or how it reviews submissions. Changes in review processes or the requirement for the study of combination products could delay anticipated launch dates or be cost prohibitive. Such delay or failure to launch these products or devices could adversely affect our revenues and future profitability. If our or our partners' combination product candidates are approved, we, our partners, and any of our respective contractors will be required to comply with FDA regulatory requirements related to both drugs and devices. For instance, drug / device combination products must comply with both the drug cGMPs and device QSRs. Depending on whether the drug and device components are at the same facility, however, the FDA regulations provide a streamlined method to comply with both sets of requirements. The FDA has specifically promulgated guidance on injectors, which discuss the FDA' s requirements with respect to marketing application and post- market injector design controls and reliability analyses. Additionally, drug / device combination products will be subject to additional FDA and constituent part reporting requirements. Compliance with these requirements will require additional effort and monetary expenditure. We may be subject, directly or indirectly, to various broad federal and state healthcare laws. If we are unable to comply, or have not fully complied, with such laws, we could face civil, criminal and administrative penalties, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate. Our business operations and activities may be directly, or indirectly, subject to various broad federal and state healthcare laws, including without limitation, anti- kickback laws, the Foreign Corrupt Practices Act (FCPA), false claims

laws, civil monetary penalty laws, data privacy and security laws, tracing and tracking laws, as well as transparency (or " sunshine ") laws regarding payments or other items of value provided to healthcare providers. These laws may restrict or prohibit a wide range of business activities, including, but not limited to, research, manufacturing, distribution, pricing, discounting, marketing and promotion and other business arrangements. These laws may impact, among other things, our current activities with principal investigators and research subjects, as well as sales, marketing and education programs. Many states have similar healthcare fraud and abuse laws, some of which may be broader in scope and may not be limited to items or services for which payment is made by a government health care program. Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. While we have adopted a healthcare corporate compliance program, it is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws. If our operations or activities are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to, without limitation, civil, criminal and administrative penalties, damages, monetary fines, disgorgement, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate. In addition, any sales of products outside the U. S. will also likely subject us to the FCPA and foreign equivalents of the healthcare laws mentioned above, among other foreign laws. We may be required to initiate or defend against legal proceedings related to intellectual property rights, which may result in substantial expense, delay and / or cessation of certain development and commercialization of our products. We primarily rely on patents to protect our intellectual property rights. The strength of this protection, however, is uncertain. For example, it is not certain that: • we will be able to obtain patent protection for our products and technologies; • the scope of any of our issued patents will be sufficient to provide commercially significant exclusivity for our products and technologies; • others will not independently develop similar or alternative technologies or duplicate our technologies and obtain patent protection before we do; and • any of our issued patents, or patent pending applications that result in issued patents, will be held valid, enforceable and infringed in the event the patents are asserted against others. We currently own or license ~~several~~ patents **in a portfolio** and also have pending patent applications applicable to rHuPH20 and other proprietary materials. There can be no assurance that our existing patents, or any patents issued to us as a result of our pending patent applications, will provide a basis for commercially viable products, will provide us with any competitive advantages, or will not face third **-** party challenges or be the subject of further proceedings limiting their scope or enforceability. Any weaknesses or limitations in our patent portfolio could have a material adverse effect on our business and financial condition. In addition, if ~~any of~~ our pending patent applications do not result in issued patents, or result in issued patents with narrow or limited claims, this could result in us having no or limited protection against generic or biosimilar competition against our product candidates which would have a material adverse effect on our business and financial condition. We **or our partners** may become involved in interference proceedings in the U. S. Patent and Trademark Office, or other proceedings in other jurisdictions, to determine the priority, validity or enforceability of our patents **or our partners' patents related to our collaborations. For example, as a result of one such proceeding, in March 2023 the Opposition Division of the European Patent Office revoked one of Janssen' s co- formulation patents for DARZALEX ® (daratumumab) SC** . In addition, costly litigation could be necessary to protect our patent position **. Successful challenges to the priority, validity or enforceability of our or our partners' patents could have a material adverse effect on our business and financial condition. We also rely on trade secrets, unpatented proprietary know- how and continuing technological innovation that we seek to protect with confidentiality agreements with employees, consultants and others with whom we discuss our business. Disputes may arise concerning the ownership of intellectual property or the applicability or enforceability of agreements covering these rights, and we might not be able to resolve these disputes in our favor** . We also rely on trademarks to protect the names of our products (e. g. Hylenex recombinant). We may not be able to obtain trademark protection for any proposed product names we select. In addition, product names for pharmaceutical products must be approved by health regulatory authorities such as the FDA in addition to meeting the legal standards required for trademark protection and product names we propose may not be timely approved by regulatory agencies which may delay product launch. In addition, our trademarks may be challenged by others. If we enforce our trademarks against third parties, such enforcement proceedings may be expensive. ~~We also rely on trade secrets, unpatented proprietary know- how and continuing technological innovation that we seek to protect with confidentiality agreements with employees, consultants and others with whom we discuss our business. Disputes may arise concerning the ownership of intellectual property or the applicability or enforceability of these agreements, and we might not be able to resolve these disputes in our favor.~~ In addition to protecting our own intellectual property rights, third parties may assert patent, trademark or copyright infringement or other intellectual property claims against us. If we become involved in any intellectual property litigation, we may be required to pay substantial damages, including but not limited to treble damages, attorneys' fees and costs, for past infringement if it is ultimately determined that our products infringe a third **-** party' s intellectual property rights. Even if infringement claims against us are without merit, defending a lawsuit takes significant time, may be expensive and may divert management' s attention from other business concerns. Further, **in the case of an injunction,** we ~~may~~ **could** be stopped from developing, manufacturing or selling our products until we obtain a license from the owner of the relevant technology or other intellectual property rights. If such a license is available at all, it may require us to pay ~~substantial~~ royalties or other fees. We may incur significant liability if it is determined that we are promoting or have in the past promoted the " off- label " use of drugs or medical devices, or otherwise promoted or marketed approved products in a manner inconsistent with the FDA' s requirements. In the U. S. and certain other jurisdictions, companies may not promote drugs or medical devices for " off- label " uses, that is, uses that are not described in the product' s labeling and that differ from those that were approved or cleared by the FDA or other foreign regulatory agencies. However, physicians and other healthcare practitioners may prescribe drug products and use medical

devices for off- label or unapproved uses, and such uses are common across some medical specialties. Although the FDA does not regulate a physician' s choice of medications, treatments or product uses, the Federal Food, Drug and Cosmetic Act and FDA regulations significantly restrict permissible communications on the subject of off- label uses of drug products and medical devices by pharmaceutical and medical device companies. As the sponsors of FDA approved products, we and our partners will not only be responsible for the actions of the companies but also can be held liable for the actions of employees and contractors, requiring that all employees and contractors engaging in regulated functions, such as product promotion, be adequately trained and monitored, which requires time and monetary expenditures. If the FDA determines that a company has improperly promoted a product " off label " or otherwise not in accordance with the agency' s promotional requirements, the FDA may issue a warning letter or seek other enforcement action to limit or restrict certain promotional activities or materials or seek to have product withdrawn from the market or seize product, among other enforcement requirements. In addition, a company that is found to have improperly promoted off- label uses may be subject to significant liability, including civil fines, criminal fines and penalties, civil damages and exclusion from federal funded healthcare programs such as Medicare and Medicaid and / or government contracting, consent decrees and corporate integrity agreements, as well as potential liability under the federal FCA and applicable state false claims acts. Conduct giving rise to such liability could also form the basis for private civil litigation by third- party payers or other persons allegedly harmed by such conduct. Moreover, in addition to the regulatory restrictions on off- label promotion, there are other FDA restrictions on and requirements concerning product promotion and advertising, such as requirements that such communications be truthful and non- misleading and adequately supported. The FDA also has requirements concerning the distribution of drug samples. The FDA and other authorities may take the position that we are not in compliance with promotional, advertising, and marketing requirements, and, if such non- compliance is proven, we may be subject to significant liability, including but not limited to administrative, civil and criminal penalties and fines, in addition to regulatory enforcement actions. For certain of our products, we and our independent contractors, distributors, prescribers, and dispensers are required to comply with regulatory requirements related to controlled substances, which will require the expenditure of additional time and will incur additional expenses to maintain compliance and may subject us to additional penalties for noncompliance, which could inhibit successful commercialization. Certain of our products are controlled substances and accordingly, we, and our contractors, distributors, prescribers, and dispensers must comply with Federal controlled substances laws and regulations, enforced by the U. S. Drug Enforcement Administration (" DEA "), as well as state-controlled substances laws and regulations enforced by state authorities. These requirements include, but are not limited to, registration, security, recordkeeping, reporting, storage, distribution, importation, exportation, inventory, and other requirements. These requirements are enforced by the DEA through periodic inspections. Not only must continuous controlled substance registration be maintained, but compliance with the applicable controlled substance requirements will require significant efforts and expenditures, which could also inhibit successful commercialization. These compliance requirements also add complexity to the distribution, prescribing and dispensing of certain of our products that may also impact commercialization, including the establishment of anti- diversion procedures. If we and our contractors, distributors, prescribers, and dispensers do not comply with the applicable controlled substance requirements, we or they may be subject to administrative, civil or criminal enforcement, including civil penalties, refusals to renew necessary registrations, revocation of registrations, criminal proceedings, or consent decrees. Patent protection for biotechnology inventions and for inventions generally is subject to significant scrutiny ~~.~~ **;** if patent laws or the interpretation of patent laws change, our business may be adversely impacted because we may lose the ability to **obtain patent protection or** enforce our intellectual property rights against competitors **who** develop and commercialize products based on our discoveries. Patent protection **in general, including** for protein- based ~~therapeutic~~ products is **based on evolving** ~~highly uncertain and involves~~ complex legal **principles** and factual questions **, which introduce uncertainties as to patentability, patent scope, validity and enforcement** . In recent years, there have been significant changes in patent law, including the legal standards that govern the **patentability and** scope of ~~protein and~~ biotechnology patents ~~. Standards for patentability of full- length and partial genes, and their corresponding proteins, are changing~~ . Recent court decisions have made it more difficult to obtain patents, by making it more difficult to satisfy the patentable subject matter ~~requirement~~ **requirements , disclosure** and ~~the~~ **enablement** ~~requirement~~ **requirements** ~~of~~ **, and the** non- obviousness ~~, have decreased~~ **requirement; decreasing** the availability of injunctions against infringers ~~,~~ **;** and **increasing** ~~have increased~~ the likelihood of challenging the validity of a patent through a declaratory judgment action. Taken together, these decisions could make it more difficult and costly for us to obtain, license and enforce our patents. In addition, ~~the Leahy- Smith America Invents Act (HR 1249) was signed into law in September 2011, which among other changes to the U. S. patent~~ **patents may be challenged through** ~~laws, changes patent priority from " first to invent " to " first to file, " implements a~~ post- grant opposition **proceedings** ~~system for patents~~ and ~~provides for~~ **be subject to** a prior user defense to infringement ~~. These judicial and legislative changes have introduced significant uncertainty in the patent law landscape and may potentially negatively impact our ability to procure, maintain and enforce patents to provide exclusivity for our products~~ . There also have been, and continue to be, policy discussions concerning the scope of patent protection ~~awarded to~~ **, including for** biotechnology inventions. Social and political opposition to biotechnology patents may lead to narrower patent protection within the biotechnology industry. ~~Social~~ **Judicial** and **legislative changes introduce significant uncertainty in the** ~~political opposition to patents on genes and proteins and recent court decisions concerning patentability of isolated genes may lead to narrower~~ patent ~~protection, or narrower claim interpretation, for isolated genes, their corresponding proteins and inventions related to their use, formulation and manufacture. Patent protection relating to biotechnology products is also subject to a great deal of uncertainty outside the U. S., and patent laws~~ - **law landscape** ~~are evolving~~ and ~~undergoing revision in many~~ - **may potentially negatively impact** ~~countries. Changes in, or~~ **our** ~~different interpretations of, patent laws worldwide may result in our inability~~ - **ability** to ~~obtain or~~ **procure, maintain and** enforce patents ~~,~~ **to provide exclusivity for our products** and may allow others to use our discoveries to develop and commercialize competitive products, which ~~would~~ **could** impair our business. If third- party

reimbursement and customer contracts are not available, our proprietary and partnered products may not be accepted in the market resulting in commercial performance below that which was expected or projected. Our and our partners' ability to earn sufficient returns on proprietary and partnered products will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers, managed care organizations and other healthcare providers. Third- party payers are increasingly attempting to limit both the coverage and the level of reimbursement of new drug products to contain costs. Consequently, significant uncertainty exists as to the reimbursement status of newly approved healthcare products. Third- party payers may not establish adequate levels of reimbursement for the products that we and our partners commercialize, which could limit their market acceptance and result in a material adverse effect on our revenues and financial condition. Customer contracts, such as with group purchasing organizations and hospital formularies, will often not offer contract or formulary status without either the lowest price or substantial proven clinical differentiation. If, for example, Hylenex is compared to animal- derived hyaluronidases by these entities, it is possible that neither of these conditions will be met, which could limit market acceptance and result in a material adverse effect on our revenues and financial condition. The rising cost of healthcare and related pharmaceutical product pricing has led to cost containment pressures from third- party payers as well as changes in federal coverage and reimbursement policies and practices that could cause us and our partners to sell our products at lower prices, and impact access to our and our partners' products, resulting in less revenue to us. Any of our proprietary or partnered products that have been, or in the future are, approved by the FDA may be purchased or reimbursed by state and federal government authorities, private health insurers and other organizations, such as health maintenance organizations and managed care organizations. Such third- party payers increasingly challenge pharmaceutical product pricing. The trend toward managed healthcare in the U. S., the growth of such organizations, and various legislative proposals and enactments to reform healthcare and government insurance programs, including the Medicare Prescription Drug Modernization Act of 2003 and the Affordable Care Act of 2010 (ACA), could significantly influence the manner in which pharmaceutical products are prescribed and purchased, resulting in lower prices and / or a reduction in demand. Such cost containment measures and healthcare reforms could adversely affect our ability to sell our product and our partners' ability to sell their products. In the U. S., our business may be impacted by changes in federal reimbursement policy resulting from executive actions, federal regulations, or federal demonstration projects. The federal administration and / or agencies, such as the Centers for Medicare & Medicaid Services, or CMS, have announced a number of demonstration projects, recommendations and proposals to implement various elements described in the drug pricing blueprint. CMS, the federal agency responsible for administering Medicare and overseeing state Medicaid programs and Health Insurance Marketplaces, has substantial power to implement policy changes or demonstration projects that can quickly and significantly affect how drugs, including our products, are covered and reimbursed. For example, in November 2020, former President Trump announced the interim final rule to implement the Most Favored Nations drug pricing model seeking to tie Medicare payment rates to an international index price. This final rule was subsequently rescinded by CMS. Additionally, a number of Congressional committees have also held hearings and evaluated proposed legislation on drug pricing and payment policy which may affect our business. For example, in July 2019, the Senate Finance Committee advanced a bill that in part would penalize pharmaceutical manufacturers for increasing drug list prices covered by Medicare Part B and Part D, faster than the rate of inflation, and cap out- of- pocket expenses for Medicare Part D beneficiaries. Several other proposals have been introduced that, if enacted and implemented, could affect access to and sales of our and our partners' products, allow the federal government to engage in price negotiations on certain drugs, and allow importation of prescription medication from Canada or other countries. For example, in August 2022, " The Inflation Reduction Act of 2022 " was enacted which will, among other things, allow and require the federal government to negotiate prices for some drugs covered under Medicare Part B and Part D, require drug companies to pay rebates to Medicare if prices rise faster than inflation for drugs used by Medicare beneficiaries and cap out- of- pocket spending for individuals enrolled in Medicare Part D. In this dynamic environment, we are unable to predict which or how many federal policy, legislative or regulatory changes may ultimately be enacted. To the extent federal government initiatives decrease or modify the coverage or reimbursement available for our or our partners' products, limit or impact our decisions regarding the pricing of biopharmaceutical products or otherwise reduce the use of our or our partners' U. S. products, such actions could have a material adverse effect on our business and results of operations. Furthermore, individual states are considering proposed legislation and have become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third- party payers or other restrictions could negatively and materially impact our revenues and financial condition. We anticipate that we ~~will~~ **may** encounter similar regulatory and legislative issues in most other countries outside the U. S. In addition, private payers in the ~~US~~ **U. S.** , including insurers, pharmacy benefit managers (PBMs), integrated healthcare delivery systems, and group purchasing organizations, are continuously seeking ways to reduce drug costs. Many payers have developed and continue to develop ways to shift a greater portion of drug costs to patients through, for example, limited benefit plan designs, high deductible plans and higher co- pay or coinsurance obligations. Consolidation in the payer space has also resulted in a few large PBMs and insurers which place greater pressure on pricing and utilization negotiations for our and our partners' products in the U. S., increasing the need for higher discounts and rebates and limiting patient access and utilization. Ultimately, additional discounts, rebates and other price reductions, fees, coverage and plan changes, or exclusions imposed by these private payers on our and our partners' products could have an adverse event on product sales, our business and results of operations. To help patients afford certain of our products, we offer discount, rebate, and co- pay coupon programs. CMS recently has issued a regulation imposing additional obligations on manufacturers in order to continue excluding such programs from government pricing calculations to avoid payment of increased Medicaid rebates. In recent years, other pharmaceutical manufacturers have been named in class action lawsuits challenging the legality of their co- pay programs under a variety of

federal and state laws. Our co- pay coupon programs could become the target of similar lawsuits or insurer actions. It is possible that the outcome of litigation against other manufacturers, changes in insurer policies regarding co- pay coupons, and / or the introduction and enactment of new legislation or regulatory action could restrict or otherwise negatively affect these programs. We also face risks relating to the reporting of pricing data that affects the reimbursement of and discounts provided for our products. Government price reporting regulations are complex and may require a manufacturer to update certain previously submitted data. If our submitted pricing data ~~are~~ **is** incorrect, we may become subject to substantial fines and penalties or other government enforcement actions, which could have a material adverse effect on our business and results of operations. In addition, as a result of restating previously reported price data, we also may be required to pay additional rebates and provide additional discounts. We face competition and rapid technological change that could result in the development of products by others that are competitive with our proprietary and partnered products, including those under development. Our proprietary and partnered products have numerous competitors in the U. S. and abroad including, among others, major pharmaceutical and specialized biotechnology firms, universities and other research institutions that have developed competing products. Many of these competitors have substantially more resources and product development, manufacturing and marketing experience and capabilities than we do. The competitors for Hylenex recombinant include, but are not limited to, ~~Bausch Health Companies, Inc.' s FDA- approved product, Vitrase ®, an ovine (ram) hyaluronidase, and~~ Amphastar Pharmaceuticals, Inc.' s product, Amphadase ®, a bovine (bull) hyaluronidase. For our ENHANZE technology, such competitors may include major pharmaceutical and specialized biotechnology firms. These competitors may develop technologies and products that are more effective, safer, or less costly than our current or future proprietary and partnered products and product candidates or that could render our and our partners' products, technologies and product candidates obsolete or noncompetitive. General Risks If we are unable to attract, hire and retain key personnel our business could be negatively affected. Our success depends on the performance of key employees with relevant experience. We depend substantially on our ability to hire, train, motivate and retain high quality personnel. If we are unable to identify, hire and retain qualified personnel, our ability to support current and future alliances with strategic partners could be adversely impacted. Our use of domestic and international third- party contractors, consultants and staffing agencies also subjects us to potential co- employment liability claims. Furthermore, if we were to lose key personnel, we may lose some portion of our institutional knowledge and technical know- how, potentially causing a disruption or delay in one or more of our partnered development programs until adequate replacement personnel could be hired and trained. In addition, we do not have key person life insurance policies on the lives of any of our employees which would help cover the cost ~~of~~ associated with the loss of key employees. Our operations might be interrupted by the occurrence of a natural disaster or other catastrophic event. Our operations, including laboratories, offices and other research facilities, are headquartered in San Diego, California. We have additional facilities in Ewing, New Jersey and Minnetonka, Minnesota. We depend on our facilities and on our collaborators, contractors and vendors for the continued operation of our business. Natural disasters or other catastrophic events, pandemics, interruptions in the supply of natural resources, political and governmental changes, wildfires and other fires, tornadoes, floods, explosions, actions of animal rights activists, earthquakes and civil unrest could disrupt our operations or those of our partners, contractors and vendors. Even though we believe we carry commercially reasonable business interruption and liability insurance, and our contractors may carry liability insurance that protect us in certain events, we may suffer losses as a result of business interruptions that exceed the coverage available under our and our contractors' insurance policies or for which we or our contractors do not have coverage. Any natural disaster or catastrophic event could have a significant negative impact on our operations and financial results. Moreover, any such event could delay our partners' research and development programs. Cyberattacks, security breaches or system breakdowns may disrupt our operations and harm our operating results and reputation. We and our partners are subject to increasingly sophisticated attempts to gain unauthorized access to our information technology storage and access systems and are devoting resources to protect against such intrusion. Cyberattacks could render us or our partners unable to utilize key systems or access important data needed to operate our business. The wrongful use, theft, deliberate sabotage or any other type of security breach with respect to any of our or any of our vendors and partners' information technology storage and access systems could result in the breakdown or other service interruption, or the disruption of our ability to use such systems or disclosure or dissemination of proprietary and confidential information that is electronically stored, including intellectual property, trade secrets, financial information, regulatory information, strategic plans, sales trends and forecasts, litigation materials or personal information belonging to us, our staff, our patients, customers and / or other business partners which could result in a material adverse impact on our business, operating results and financial condition. We continue to invest in monitoring, and other security and data recovery measures to protect our critical and sensitive data and systems. However, these may not be adequate to prevent or fully recover systems or data from all breakdowns, service interruptions, attacks or breaches of our systems. In addition, our cybersecurity insurance may not be sufficient to cover us against liability related to any such breaches. Furthermore, any physical break- in or trespass of our facilities could result in the misappropriation, theft, sabotage or any other type of security breach with respect to our proprietary and confidential information, including research or clinical data or damage to our research and development equipment and assets. Such adverse effects could be material and irrevocable to our business, operating results, financial condition and reputation.