

Arrowhead Pharmaceuticals, Inc.

(ARWR-NASDAQ)

ARWR: Signs Collaboration Agreement with Novartis with \$200 Million Upfront...

Based on our probability adjusted DCF model that takes into account potential future revenues from the company's development products, ARWR is valued at \$74/share. This model is highly dependent upon the continued clinical success of those programs and will be adjusted accordingly based upon future clinical outcomes.

Current Price (09/02/25) **\$22.03**
Valuation **\$74.00**

OUTLOOK

On September 2, 2025, Arrowhead Pharmaceuticals, Inc. (ARWR) announced a global license and collaboration agreement with Novartis for ARO-SNCA, the preclinical siRNA therapy targeting alpha-synuclein for the treatment of various synucleinopathies (e.g., Parkinson's Disease), along with additional collaboration targets that will utilize Arrowhead's TRiM™ platform. Arrowhead will receive an upfront payment of \$200 million and is eligible to receive up to \$2 billion in potential milestone payments plus royalties on commercial sales.

In addition, on September 3, 2025, Ionis Pharmaceuticals, Inc. (IONS) announced positive topline results from the Phase 3 CORE and CORE2 studies of olezarsen in patients with severe hypertriglyceridemia (sHTG), in which reductions of fasting triglycerides of up to 72% and an 85% reduction in acute pancreatitis events were seen. Arrowhead is currently conducting the Phase 3 SHASTA-3 and SHASTA-4 studies of plozasiran in patients with sHTG

SUMMARY DATA

52-Week High **\$26.34**
52-Week Low **\$9.99**
One-Year Return (%) **-7.55**
Beta **1.00**
Average Daily Volume (sh) **2,476,969**

Shares Outstanding (mil) **138**
Market Capitalization (\$mil) **\$3,046**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **63**
Insider Ownership (%) **4**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
Sales (%) **N/A**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **N/A**
P/E using 2025 Estimate **-1237.6**
P/E using 2026 Estimate **-6.7**

Risk Level **Above Avg.**
Type of Stock **Mid-Growth**
Industry **Med-Drugs**

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2024	3.6 A	0.0 A	0.0 A	0.0 A	3.6 A
2025	2.5 A	542.7 A	27.8 A	135.0 E	708.0 E
2026					550.0 E
2027					300.0 E

Earnings per Share

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2024	-\$1.24 A	\$1.02 A	-\$1.38 A	-\$1.37 A	-\$5.00 A
2025	-\$1.39 A	\$2.78 A	-\$1.26 A	-\$0.23 E	-\$0.07 E
2026					-\$0.83 E
2027					-\$2.62 E

WHAT'S NEW

Business Update

Signs Collaboration Agreement with Novartis

On September 2, 2025, Arrowhead Pharmaceuticals, Inc. (ARWR) announced a global collaboration and licensing agreement with Novartis for ARO-SNCA, a preclinical stage siRNA candidate that targets alpha-synuclein for the treatment of synucleinopathies (e.g., Parkinson's Disease), and for additional collaboration targets utilizing Arrowhead's TRiM™ platform. Arrowhead will receive a \$200 million upfront payment and is eligible to receive up to \$2 billion in milestone payments along with royalties on commercial sales. For the additional programs under the agreement, Arrowhead will conduct and complete preclinical research activities that are required for a clinical trial application (CTA) filing, with Novartis then assuming control over the development, manufacturing, and commercialization activities. The collaboration agreement is expected to close in the second half of 2025.

Ionis Announced Positive Phase 3 Results in sHTG

On September 2, 2025, Ionis Pharmaceuticals, Inc. (IONS) announced positive topline results from the Phase 3 CORE and CORE2 trials of olezarsen in patients with severe hypertriglyceridemia (sHTG). The company reported that olezarsen demonstrated a statistically significant placebo-adjusted mean reduction in fasting triglycerides of up to 72% and a statistically significant reduction in acute pancreatitis events of 85%. Adverse events were generally balanced across treatment groups and serious adverse events occurred less frequently in the olezarsen group compared to placebo. We anticipate Ionis submitting a supplemental new drug application (sNDA) to the U.S. FDA before the end of 2025, as olezarsen is already approved for the treatment of familial chylomicronemia syndrome (FCS).

We believe these data provide an excellent read-through for plozasiran in sHTG, for which Arrowhead is currently conducting the SHASTA-3 and SHASTA-4 trials. Those trials are both fully enrolled and we anticipate them completing in mid-2026, with a planned sNDA filing in the fourth quarter of 2026. An NDA for plozasiran for the treatment of FCS is currently under evaluation by the FDA with a PDUFA date of November 18, 2025.

Sarepta Collaboration Update

On August 13, 2025, Arrowhead announced that it had elected to receive approximately \$50 million worth of Arrowhead common stock and approximately \$50 million in cash from Sarepta Therapeutics to satisfy the \$100 million milestone payment owed to Arrowhead that was tied to enrollment of certain cohorts in the Phase 1 trial of ARO-DM1. The \$50 million worth of Arrowhead common stock was placed into treasury to reduce the number of shares outstanding. The trigger for a second milestone payment of \$200 million from Sarepta is expected before the end of calendar 2025, and that will continue to be payable in cash. Following the \$100 million milestone payment, Sarepta then sold the balance of its remaining holdings of Arrowhead common stock in a separate negotiated block trade.

Conclusion

Arrowhead continues to form important collaboration agreements for a number of its pipeline candidates, which is good for both securing the company's balance sheet along with getting as many drugs into the clinical as possible. We anticipate the company will continue to form additional strategic partnerships in the future.

Since we believe that plozasiran is a superior drug to olezarsen, both in terms of target engagement and dosing schedule, the positive results for olezarsen announced by Ionis in sHTG gives us further confidence that the SHASTA trials will have a positive readout. We look forward to Arrowhead announcing results from the SHASTA trials in mid-2026.

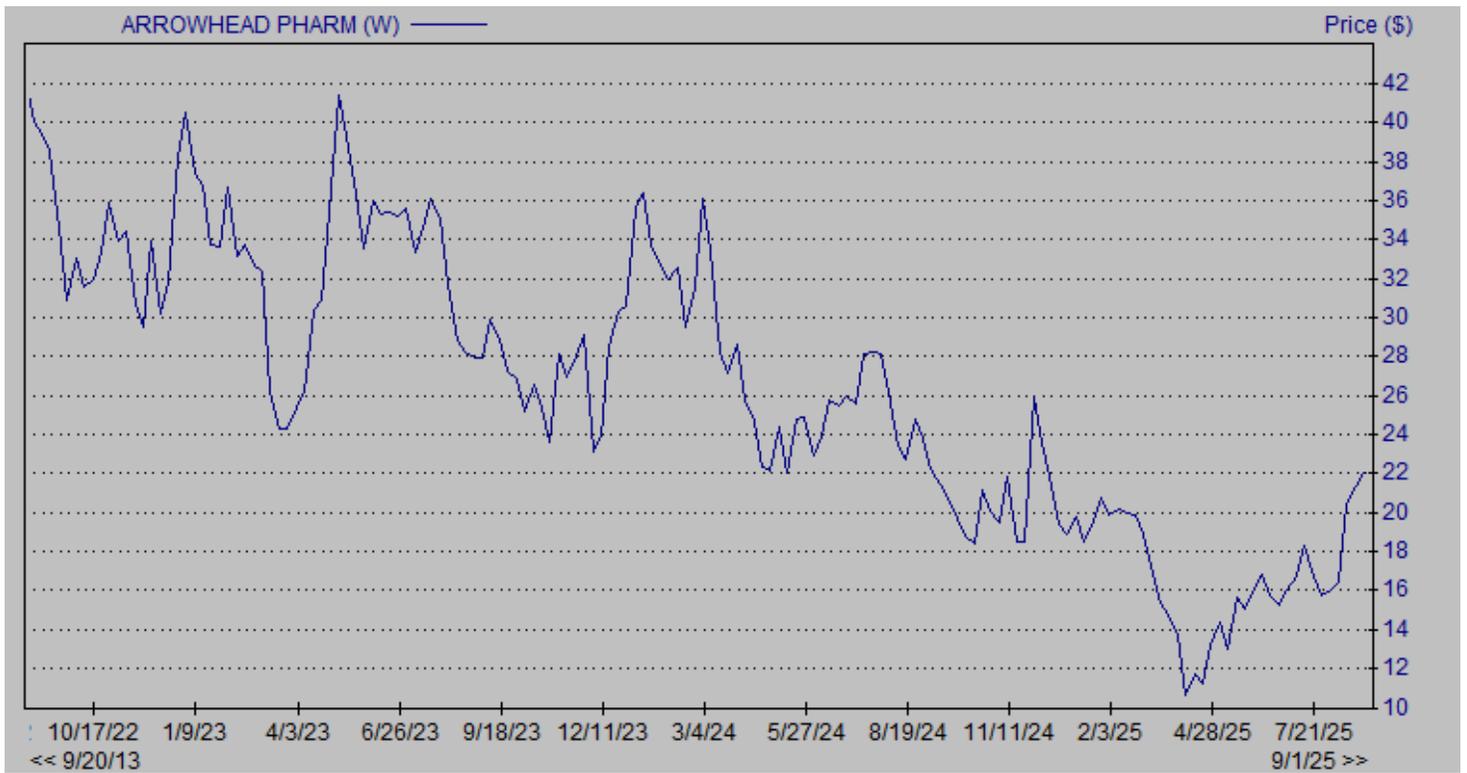
Lastly, as we had anticipated, the recent issues for Sarepta have not precluded the company from fulfilling its financial obligations with Arrowhead thus far, and we don't foresee any risks to their collaboration in the future. After taking into account the share reduction and the Novartis deal into our model, our valuation is now \$74 per share.

PROJECTED FINANCIALS

Arrowhead Pharmaceuticals, Inc.	FY2024 A	Q1FY25 A	Q2FY25 A	Q3FY25 A	Q4FY25 E	FY2025 E	FY2026 E	FY2027 E
Revenue	\$3.55	\$2.50	\$542.7	\$27.8	\$135.0	\$708.0	\$550.0	\$300.0
YOY Growth	-53.5%	#DIV/0!	#DIV/0!	#DIV/0!	3701.7%	319.4%	1767.3%	1175.0%
Total Revenues	\$3.6	\$2.5	\$542.7	\$27.8	\$135.0	\$708.0	\$550.0	\$300.0
YOY Growth	-53.5%	#DIV/0!	#DIV/0!	#DIV/0!	3701.7%	319.4%	1767.3%	1175.0%
Cost of Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.5	\$4.8
Gross Income	\$3.6	\$2.5	\$542.7	\$27.8	\$135.0	\$708.0	\$547.5	\$295.2
Gross Margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.5%	98.4%
R&D	\$505.9	\$137.0	\$133.1	\$162.4	\$132.0	\$564.5	\$540.0	\$550.0
% R&D	14245.8%	5480.1%	24.5%	584.8%	97.8%	79.7%	98.2%	183.3%
Salary and G&A	\$98.8	\$26.9	\$28.4	\$30.9	\$31.0	\$117.3	\$110.0	\$115.0
% SG&A	2781.2%	1076.4%	5.2%	111.5%	23.0%	16.6%	20.0%	38.3%
Other expenses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
% Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Income	(\$601.1)	(\$161.4)	\$381.2	(\$165.6)	(\$28.0)	\$26.2	(\$102.5)	(\$369.8)
Operating Margin	-16927.1%	-	-	-	-	3.7%	-18.6%	-123.3%
Other Income (Net)	(\$11.4)	(\$13.7)	(\$11.6)	(\$13.5)	(\$4.0)	(\$42.8)	(\$15.0)	(\$15.0)
Pre-Tax Income	(\$612.5)	(\$175.1)	\$369.6	(\$179.1)	(\$32.0)	(\$16.6)	(\$117.5)	(\$384.8)
Net Taxes (benefit)	\$2.8	\$0.1	\$1.8	\$0.4	\$0.0	\$1.4	\$0.0	\$0.0
Net Loss Attributable to Noncontrolling Interest	\$10.2	\$2.1	\$2.6	\$3.4	\$0.0	\$8.1	\$0.0	\$0.0
Reported Net Income	(\$599.5)	(\$173.1)	\$370.4	(\$175.2)	(\$32.0)	(\$9.9)	(\$117.5)	(\$384.8)
Net Margin	-16882.4%	-	-	-	-	-1.4%	-21.4%	-128.3%
Reported EPS	(\$5.00)	(\$1.39)	\$2.78	(\$1.26)	(\$0.23)	(\$0.07)	(\$0.83)	(\$2.62)
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	119.8	124.8	133.4	139.0	137.5	133.7	142.0	147.0

Source: Zacks Investment Research, Inc. David Bautz, PhD

HISTORICAL STOCK PRICE



Source: Zacks SCR

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, David Bautz, PhD, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business. SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.