Zacks Small-Cap Research
*Sponsored – Impartial - Comprehensive*

July 22, 2026
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# Arrowhead Pharmaceuticals, Inc. (ARWR-NASDAQ)

## *ARWR: SHASTA-3 and SHASTA-4 Hit on All Endpoints Including 100% Reduction in Acute Pancreatitis in High-Risk Patients*

Based on our probability adjusted DCF model that takes into account potential future revenues from the company's development products, ARWR is valued at $100/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 (07/22/26) | $74.52 |
| **Valuation** | **$100.00** |

## OUTLOOK

On July 22, 2026, Arrowhead Pharmaceuticals, Inc. (ARWR) announced positive results for the SHASTA-3 and SHASTA-4 trials of plozasiran in patients with severe hypertriglyceridemia (sHTG). The results shared by the company included a 79% and 81% median triglyceride reduction from baseline in SHASTA-3 and SHASTA-4, respectively. In addition, Arrowhead reported a statistically significant reduction in acute pancreatitis (AP) events versus placebo, including a 100% event reduction in high-risk patients (TG > 880 mg/dL and a history of AP). The company will be presenting detailed trial results at the European Society of Cardiology (ESC) Congress on August 30, 2026 and a conference call and webcast is scheduled for August 31, 2026 to discuss the results.

## SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$86.97** |
| **52-Week Low** | **$14.71** |
| **One-Year Return (%)** | **398.13** |
| **Beta** | **1.26** |
| **Average Daily Volume (sh)** | **2,910,977** |
| **Shares Outstanding (mil)** | **141** |
| **Market Capitalization ($mil)** | **$10,497** |
| **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 2026 Estimate** | **-23.4** |
| **P/E using 2027 Estimate** | **-17.7** |

| | |
|---|---|
| **Risk Level** | **Average** |
| **Type of Stock** | **Large-Growth** |
| **Industry** | **Med-Drugs** |

## ZACKS ESTIMATES

**Revenue**
(in millions of $)

| | Q1 (Dec) | Q2 (Mar) | Q3 (Jun) | Q4 (Sep) | Year (Sep) |
|---|---|---|---|---|---|
| 2025 | 2.5 A | 542.7 A | 27.8 A | 256.5 A | 829.4 A |
| 2026 | 264.0 A | 73.7 A | 26.2 E | 26.4 E | 366.9 E |
| 2027 | | | | | 300.0 E |
| 2028 | | | | | 320.0 E |

**Earnings per Share**

| | Q1 (Dec) | Q2 (Mar) | Q3 (Jun) | Q4 (Sep) | Year (Sep) |
|---|---|---|---|---|---|
| 2025 | -$1.39 A | $2.78 A | -$1.26 A | -$0.17 A | -$0.01 A |
| 2026 | $0.22 A | -$0.93 A | -$1.49 E | -$1.51 E | -$3.75 E |
| 2027 | | | | | -$4.33 E |
| 2028 | | | | | -$4.33 E |

## WHAT'S NEW

**Business Update**

*Best Case Scenario for SHASTA-3 and SHASTA-4 Results*

On July 22, 2026, Arrowhead Pharmaceuticals, Inc. (ARWR) announced positive topline results for the SHASTA-3 and SHASTA-4 trials of plozasiran in patients with severe hypertriglyceridemia (sHTG). Both trials exceeded the best-case scenario for both triglyceride reduction and rate of acute pancreatitis (AP) compared to placebo. Arrowhead will be presenting detailed results from the study at the European Society of Cardiology (ESC) Congress on August 30, 2026 and will then hold a conference call and webcast to discuss the results on Aug 31, 2026.

The results showed median triglyceride reductions in the SHASTA-3 and SHASTA-4 trials of 79% and 81%, respectively, compared to a placebo reduction of approximately 27%. The trials included a pre-planned pooled analysis of AP events and the results showed a statistically significant reduction in both the event rate (any individual patient with at least one AP event, $P<0.0221$) and the total incidence rate of AP events ($P<0.0077$) in plozasiran-treated patients compared to placebo. For the broad sHTG population, which is defined as those with TG > 500 mg/dL with or without a prior history of AP, cumulative AP events were reduced by 78% in treated patients compared to placebo. For high-risk patients, defined as those with TG levels > 880 mg/dL and a prior history of AP, treatment with plozasiran resulted in a 100% reduction in AP events compared to placebo.

Importantly, plozasiran continued to have a favorable safety and tolerability profile with overall treatment emergent adverse events (TEAEs) and related TEAEs consistent with prior studies. There were no new safety signals and no clinically meaningful differences in routine laboratory measurements, including no statistically significant difference between plozasiran-treated and placebo-treated patients in mean liver fat content assessed by MRI-PDFF (in a prespecified subgroup) or clinically meaningful adverse changes in liver enzymes.

SHASTA-3 and SHASTA-4 are global, randomized, double blind, placebo controlled Phase 3 studies intended to evaluate plozasiran in adult subjects with sHTG and documented evidence of fasting triglyceride (TG) level > 500 mg/dL. Between the two studies, approximately 750 patients were treated once every three months with 25 mg plozasiran or placebo. The primary endpoint is percent change in fasting serum triglyceride level at month 12 from baseline compared to placebo. Patients who completed the trial through month 12 are offered the opportunity to continue in an open-label extension.

**Conclusion**

We believe these results substantially de-risk the commercial opportunity for plozasiran in sHTG. While the deep TG lowering was mostly expected based on the Phase 2 results, the statistically significant reduction in AP events supports the thesis that sustained APOC3 inhibition may translate into clinically meaningful outcomes beyond lipid lowering. Since prevention of recurrent pancreatitis is the primary treatment objective for sHTG patients, these data should strengthen physician confidence and payer acceptance while reinforcing plozasiran's competitive profile.

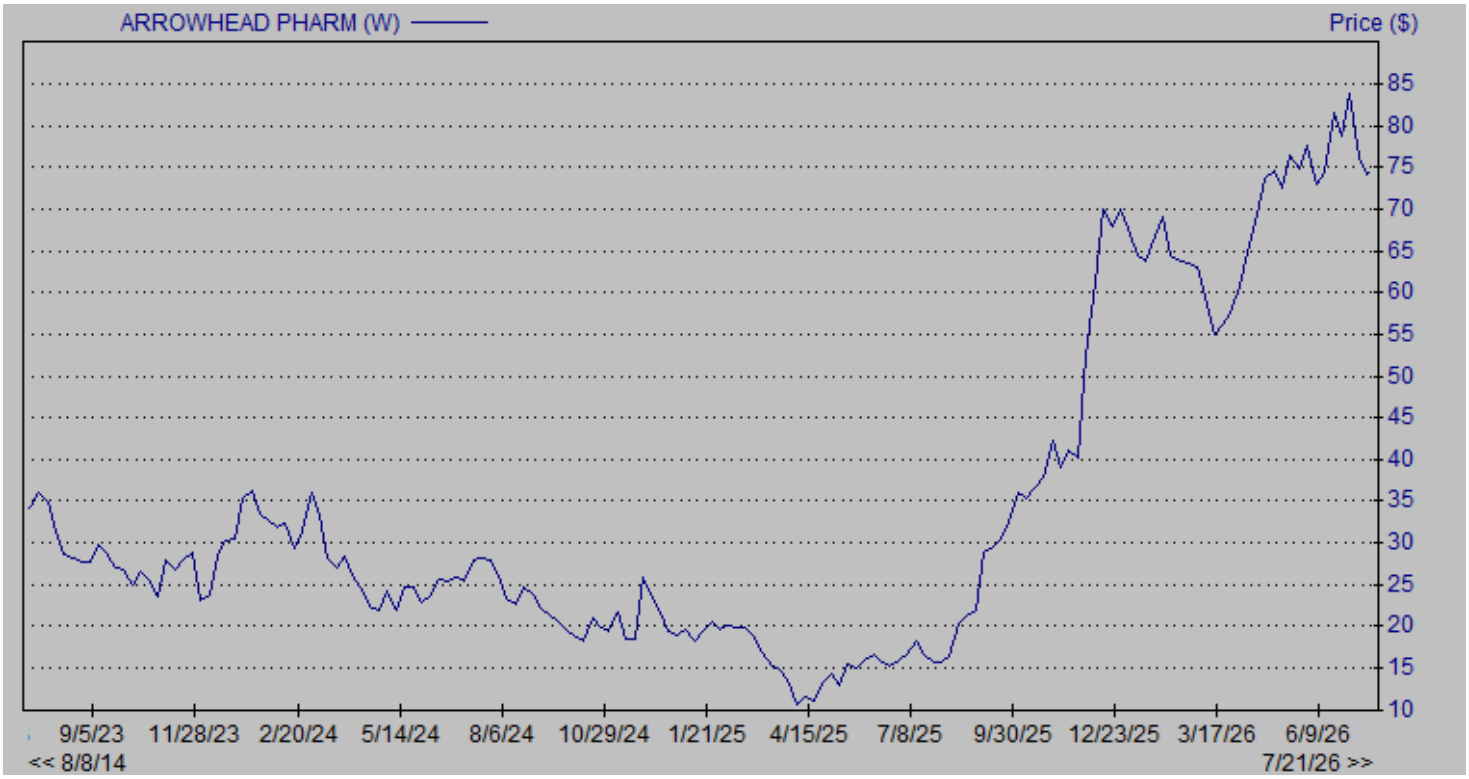
The company is targeting to file an sNDA with the U.S. FDA by the end of 2026, with additional regulatory filings in multiple global geographies shortly thereafter. While Ionis has had first-mover advantage with Tryngolza, we believe plozasiran will ultimately take significant market share due to its once-quarterly dosing schedule, robust triglyceride lowering ability, and ability to reduce AP events, particularly in high-risk patients. Based on these results, we have increased our market share and peak sales estimates for plozasiran in sHTG, which has resulted in an increase in our valuation to $100 per share.

## PROJECTED FINANCIALS

| Arrowhead Pharmaceuticals, Inc. | FY2025 A | Q1FY26 A | Q2FY26 A | Q3FY26 E | Q4FY26 E | FY2026 E | FY2027 E | FY2028 E |
|---|---|---|---|---|---|---|---|---|
| Revenue | $829.4 | $264.0 | $73.7 | $26.2 | $26.4 | $390.4 | $300.0 | $320.0 |
| *YOY Growth* | *391.4%* | *-51.3%* | *165.6%* | *-89.8%* | *-96.8%* | *343.6%* | *918.5%* | *1260.0%* |
| **Total Revenues** | **$829.4** | **$264.0** | **$73.7** | **$26.2** | **$26.4** | **$390.4** | **$300.0** | **$320.0** |
| *YOY Growth* | *391.4%* | *-51.3%* | *165.6%* | *-89.8%* | *-96.8%* | *343.6%* | *918.5%* | *1260.0%* |
| *Cost of Revenue* | $0.0 | $0.0 | $0.0 | $0.1 | $0.2 | $0.3 | $2.5 | $5.3 |
| **Gross Income** | **$829.4** | **$264.0** | **$73.7** | **$26.1** | **$26.3** | **$390.1** | **$297.5** | **$314.7** |
| *Gross Margin* | *100.0%* | *100.0%* | *100.0%* | *99.5%* | *99.4%* | *99.9%* | *99.2%* | *98.3%* |
| R&D | $607.2 | $177.2 | $173.3 | $177.0 | $180.0 | $707.5 | $720.0 | $740.0 |
| *% R&D* | *73.2%* | *67.1%* | *235.0%* | *675.6%* | *681.8%* | *181.2%* | *240.0%* | *231.3%* |
| Salary and G&A | $123.9 | $46.0 | $41.7 | $47.0 | $48.0 | $182.8 | $190.0 | $200.0 |
| *% SG&A* | *14.9%* | *17.4%* | *56.6%* | *179.4%* | *181.8%* | *46.8%* | *63.3%* | *62.5%* |
| 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** | **$98.3** | **$40.8** | **($141.3)** | **($197.9)** | **($201.8)** | **($500.1)** | **($612.5)** | **($625.3)** |
| *Operating Margin* | *11.9%* | - | - | - | - | *-128.1%* | *-204.2%* | *-195.4%* |
| Other Income (Net) | ($46.8) | ($12.5) | $3.7 | ($14.0) | ($15.0) | ($37.8) | ($15.0) | ($15.0) |
| **Pre-Tax Income** | **$51.5** | **$28.3** | **($137.6)** | **($211.9)** | **($216.8)** | **($538.0)** | **($627.5)** | **($640.3)** |
| Net Taxes (benefit) | $21.4 | $0.0 | $0.0 | $1.5 | $1.8 | $3.3 | $0.0 | $0.0 |
| Net Loss Attributable to Noncontrolling Interest | $31.7 | $2.6 | $4.8 | $3.4 | $3.5 | $14.3 | $0.0 | $0.0 |
| **Reported Net Income** | **($1.6)** | **$30.8** | **($132.7)** | **($210.0)** | **($215.1)** | **($527.0)** | **($627.5)** | **($640.3)** |
| *Net Margin* | *-0.2%* | - | - | - | - | *-135.0%* | *-209.2%* | *-200.1%* |
| **Reported EPS** | **($0.01)** | **$0.22** | **($0.93)** | **($1.49)** | **($1.51)** | **($3.75)** | **($4.33)** | **($4.33)** |
| *YOY Growth* | - | - | - | - | - | - | - | - |
| Basic Shares Outstanding | 133.8 | 137.0 | 142.4 | 141.0 | 142.0 | 140.6 | 145.0 | 148.0 |

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

## HISTORICAL STOCK PRICE




Source: Zacks SCR

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