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August 5, 2026
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Arrowhead Pharmaceuticals, Inc. (ARWR-NASDAQ)

ARWR: Acquires PRV for sNDA Submission for Plozasiran in sHTG

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 (08/05/26)	$89.59
Valuation	**$100.00**

OUTLOOK

On August 4, 2026, Arrowhead Pharmaceuticals, Inc. (ARWR) announced financial results for the third quarter of fiscal year 2026 that ended June 30, 2026. The company recently announced positive results for the SHASTA-3 and SHASTA-4 trials of plozasiran in patients with severe hypertriglyceridemia (sHTG), which included a statistically significant reduction in acute pancreatitis (AP) events versus placebo. 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. Arrowhead is planning to file a supplemental new drug application (sNDA) for plozasiran for sHTG before the end of 2026 and also recently acquired a priority review voucher (PRV) to accelerate the review time for the sNDA from 10 months to six months.

SUMMARY DATA

52-Week High	**$89.59**
52-Week Low	**$15.93**
One-Year Return (%)	**443.96**
Beta	**1.27**
Average Daily Volume (sh)	**2,298,911**
Shares Outstanding (mil)	**141**
Market Capitalization ($mil)	**$12,619**
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	**Above Avg.**
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	75.3 A	50.0 E	463.0 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	-$1.36 A	-$1.35 E	-$3.45 E
2027					-$4.33 E
2028					-$4.33 E

WHAT'S NEW

Business Update

Acquires PRV to Accelerate sNDA Process for Plozasiran in sHTG

On August 4, 2026, Arrowhead Pharmaceuticals, Inc. (ARWR) announced it signed an asset purchase agreement with an undisclosed party to acquire a Priority Review Voucher (PRV) for $215 million, which we expect to close in the fiscal fourth quarter of 2026. A PRV accelerates the FDA's review time from 10 months to six months and Arrowhead has indicated it will use the PRV for the Supplemental New Drug Application (sNDA) for plozasiran for the treatment of severe hypertriglyceridemia (sHTG), which we anticipate before the end of 2026. During the 3QFY26 conference call, the company indicated that it projects a 3x return on the PRV investment based on shifting the uptake curve forward by four months. In addition, incremental value could be added by shortening the first-mover advantage for Ionis' Tryngolza®, which recently received approval for the treatment of sHTG.

In July 2026, Arrowhead announced positive topline results for the SHASTA-3 and SHASTA-4 trials of plozasiran in patients with 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.

Update on REDEMPLO® Launch in FCS

Arrowhead reported that REDEMPLO prescription volume roughly doubled over the course of the fiscal third quarter and currently have more than 400 unique prescribers led by preventative cardiology and endocrinology. The rate of "new-to-therapy" versus "switch" patients remains steady and the number of patients on REDEMPLO along with the number of physicians writing prescriptions remains above the company's internal targets. In regards to market access, the company is working to ensure that both genetically confirmed and clinically diagnosed familial chylomicronemia syndrome (FCS) patients have access to REDEMPLO, and nearly all published payer policies allow for physicians to diagnose FCS using clinical data alone. REDEMPLO is now approved in the U.S., Canada, China, Australia, and the E.U. The label in the E.U. covers both genetically confirmed and clinically diagnosed FCS patients, and it's the only therapy in Europe with clinical FCS on the label.

Pipeline Update

- Arrowhead is currently evaluating zodasiran for the treatment of homozygous familial hypercholesterolemia (HoFH). In July 2026, the company announced that enrollment was completed in the Phase 3 YOSEMITE study, which enrolled a total of 70 patients (compared to a planned 60 patients that was increased due to strong demand). It is a one-year study, thus we anticipate topline results in the second half of 2027.

- ARO-DIMER-PA is currently being evaluated in a Phase 1/2a study in patients with mixed hyperlipidemia. The study is nearing full enrollment and we anticipate topline data in September 2026.

- For the obesity franchise, Arrowhead presented interim Phase 1/2a data for ARO-INHBE at EASL 2026, which showed dose-dependent Activin E reductions with a mean maximum reduction of >85% after a single 400 mg dose, and in a small subgroup with obesity and elevated baseline liver fat, the placebo-adjusted reduction in liver fat was 44%. The company is meeting with regulators on Phase 2 designs and endpoints. In addition, ARO-ALK7 is currently being evaluate in a Phase 1/2a trial and we anticipate data from that study being reported in the fourth quarter of 2026. Lastly, Arrowhead has indicated that a CTA for a new obesity candidate against an undisclosed target will be filed by the end of the year.

- In the CNS program, a Phase 1 trial of ARO-MAPT, which targets the tau protein, in healthy volunteers is nearly fully enrollment and the second part of the trial in Alzheimer's patients is actively enrolling. We anticipate topline results for the healthy volunteer cohort in September 2026.

Financial Update

On August 4, 2026, Arrowhead announced financial results for the third quarter of fiscal year 2026 that ended June 30, 2026. The company reported revenue of $75.3 million for the quarter ending June 30, 2026 compared to $27.8 million for the quarter ending June 30, 2025. The revenue in the current period is related to the license and collaboration agreements with Sarepta, Madrigal, Novartis, and Sanofi. Approximately $26 million related to the Sarepta collaboration, approximately $20 million related to the Novartis collaboration, approximately $1.2 million related to the Sanofi collaboration, and Arrowhead recognized the full $25 million upfront payment from Madrigal. While the company is not headlining specific REDEMPLO sales numbers yet, commercial revenue from the sale of REDEMPLO totaled approximately $2.4 million in the third quarter of fiscal year 2026, compared to approximately $1 million for the prior quarter.

R&D expenses for the quarter ending June 30, 2026 were approximately $198.2 million compared to $162.4 million for the quarter ending June 30, 2025. The increase was primarily due to increased candidate costs, manufacturing, and clinical supply activity. G&A expenses for the third quarter of fiscal year 2026 were $47.1 million compared to $30.9 million for the third quarter of fiscal year 2025. The increase was primarily due to higher professional services, salaries, and facilities costs.

Arrowhead exited the third quarter of fiscal year 2026 with approximately $1.6 billion in cash, cash equivalents, and investments. As of July 30, 2026, Arrowhead had approximately 141.2 million shares outstanding and, when factoring in stock options and restricted stock units, a fully diluted share count of approximately 147.9 million.

Conclusion

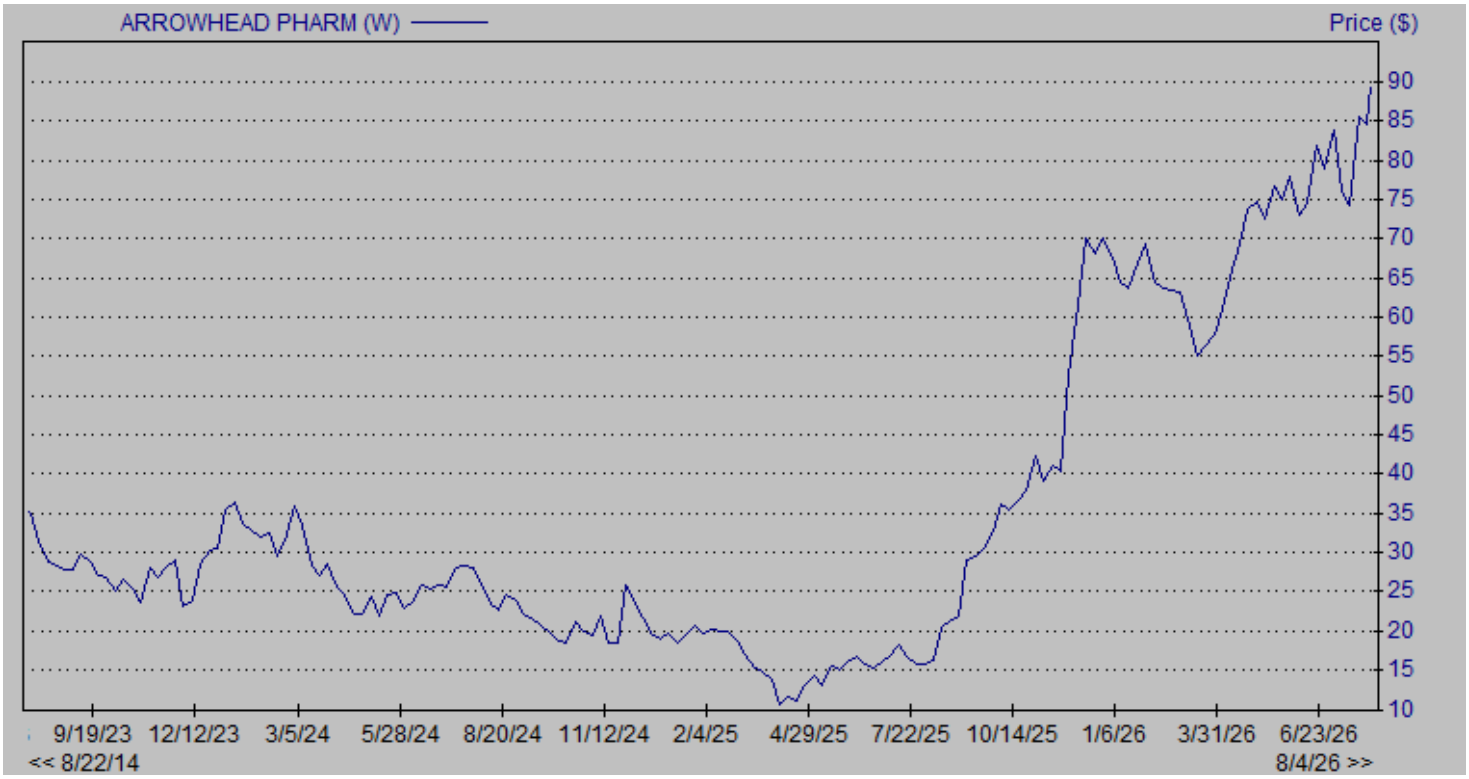
The PRV purchase is a smart strategic move for Arrowhead as it will accelerate the availability of plozasiran in sHTG and potentially offset the first-mover advantage for Ionis' Tryngolza. We look forward to the full data presentation for the SHASTA-3 and SHASTA-4 studies at the end of August along with two anticipated data readouts next month for ARO-DIMER-PA and ARO-MAPT. The company continues to operate at a very high level and we would be buyers of the stock on any weakness. Our valuation remains at $100 per share.

PROJECTED FINANCIALS

Arrowhead Pharmaceuticals, Inc.	FY2025 A	Q1FY26 A	Q2FY26 A	Q3FY26 A	Q4FY26 E	FY2026 E	FY2027 E	FY2028 E
Revenue	$829.4	$264.0	$73.7	$75.3	$50.0	$463.0	$300.0	$320.0
YOY Growth	*391.4%*	*-51.3%*	*165.6%*	*-70.7%*	*-94.0%*	*426.2%*	*918.5%*	*1260.0%*
Total Revenues	**$829.4**	**$264.0**	**$73.7**	**$75.3**	**$50.0**	**$463.0**	**$300.0**	**$320.0**
YOY Growth	*391.4%*	*-51.3%*	*165.6%*	*-70.7%*	*-94.0%*	*426.2%*	*918.5%*	*1260.0%*
Cost of Revenue	$0.0	$0.0	$0.0	$0.0	$0.2	$0.2	$2.5	$5.3
Gross Income	**$829.4**	**$264.0**	**$73.7**	**$75.3**	**$49.9**	**$462.9**	**$297.5**	**$314.7**
Gross Margin	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*99.7%*	*100.0%*	*99.2%*	*98.3%*
R&D	$607.2	$177.2	$173.3	$198.2	$180.0	$728.7	$720.0	$740.0
% R&D	*73.2%*	*67.1%*	*235.0%*	*263.4%*	*360.0%*	*157.4%*	*240.0%*	*231.3%*
Salary and G&A	$123.9	$46.0	$41.7	$47.1	$48.0	$182.9	$190.0	$200.0
% SG&A	*14.9%*	*17.4%*	*56.6%*	*62.6%*	*96.0%*	*39.5%*	*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)**	**($170.1)**	**($178.2)**	**($448.7)**	**($612.5)**	**($625.3)**
Operating Margin	*11.9%*	-	-	-	-	*-96.9%*	*-204.2%*	*-195.4%*
Other Income (Net)	($46.8)	($12.5)	$3.7	($8.8)	($15.0)	($32.7)	($15.0)	($15.0)
Pre-Tax Income	**$51.5**	**$28.3**	**($137.6)**	**($178.9)**	**($193.2)**	**($481.3)**	**($627.5)**	**($640.3)**
Net Taxes (benefit)	$21.4	$0.0	$0.0	$0.0	$1.8	$1.8	$0.0	$0.0
Net Loss Attributable to Noncontrolling Interest	$31.7	$2.6	$4.8	$15.4	$3.5	$4.5	$0.0	$0.0
Reported Net Income	**($1.6)**	**$30.8**	**($132.7)**	**($194.3)**	**($191.5)**	**($487.7)**	**($627.5)**	**($640.3)**
Net Margin	*-0.2%*	-	-	-	-	*-105.3%*	*-209.2%*	*-200.1%*
Reported EPS	**($0.01)**	**$0.22**	**($0.93)**	**($1.36)**	**($1.35)**	**($3.45)**	**($4.33)**	**($4.33)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	133.8	137.0	142.4	143.4	142.0	141.2	145.0	148.0

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

HISTORICAL STOCK PRICE



Source: Zacks SCR

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