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Arrowhead Pharmaceuticals, Inc. (ARWR-NASDAQ)

ARWR: Commercial Momentum Builds Ahead of Potential Expansion into sHTG Market

Based on our probability adjusted DCF model that takes into account potential future revenues from the company's development products, ARWR is valued at $105/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 (11/18/26)	$42.99
Valuation	**$105.00**

OUTLOOK

On November 12, 2026, Arrowhead Pharmaceuticals, Inc. (ARWR) announced financial results for the fourth quarter of fiscal year 2026 that ended September 30, 2026 and provided a business update. The company has continued the commercial launch of REDEMPLO for familial chylomicronemia syndrome (FCS). For FY26, REDEMPLO generated approximately $6.6 million in net product revenue. Arrowhead submitted the sNDA for sHTG in November and is targeting a potential U.S. launch in 2Q27, pending FDA approval. With $1.2 billion in cash and improved debt terms following its refinancing, Arrowhead has the financial resources to support commercialization while advancing its broader pipeline, which include ARO-DIMER-PA in mixed hyperlipidemia, ARO-MAPT in Alzheimer's disease, zodasiran in homozygous familial hypercholesterolemia (HoFH), and ARO-ALK7 and ARO-INHBE in obesity.

SUMMARY DATA

52-Week High	**$89.59**
52-Week Low	**$38.09**
One-Year Return (%)	**6.23**
Beta	**1.34**
Average Daily Volume (sh)	**2,076,011**
Shares Outstanding (mil)	**141**
Market Capitalization ($mil)	**$6,077**
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	**-8.9**
P/E using 2027 Estimate	**-11.4**

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)
2026	264.0 A	73.7 A	75.3 A	37.3 A	450.8 A
2027	50.0 E	51.0 E	52.0 E	54.0 E	214.0 E
2028					360.0 E
2029					770.0 E

Earnings per Share

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2026	$0.22 A	-$0.93 A	-$1.36 A	-$3.01 A	-$5.11 A
2027	-$1.39 E	-$1.42 E	-$1.32 E	-$1.64 E	-$5.81 E
2028					-$4.72 E
2029					-$2.02 E

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WHAT'S NEW

Business Update

Update on REDEMPLO Launch

Arrowhead Pharmaceuticals, Inc. (ARWR) reported encouraging progress with the U.S. launch of REDEMPLO for familial chylomicronemia syndrome (FCS) with new-to-brand prescriptions increasing 63% sequentially during the fiscal fourth quarter. The company had received approximately 950 cumulative new-to-brand prescriptions since launch as of September 30, 2026, with an additional 300 prescriptions received during the subsequent five weeks. Weekly prescriptions had increased to approximately 50-60, while the number of unique prescribers expanded from more than 640 at fiscal year-end to over 860 in early November. Approximately 27% of prescribers had written prescriptions for more than one patient, suggesting that physicians are beginning to gain experience with the treatment and identify additional appropriate candidates.

Arrowhead also reported that approximately 160 million U.S. lives now have coverage for REDEMPLO under applicable payer policies. Management acknowledged that converting prescriptions into treatment starts and reimbursed shipments remains a bottleneck. The process involves patient engagement, benefit verification, physician office support, and prior authorization, all of which can delay revenue recognition even after a prescription has been written. To address this issue, Arrowhead has expanded its reimbursement navigator team and is working with specialty pharmacies and physician offices to streamline the patient journey.

For FY26, REDEMPLO generated approximately $6.6 million in net product revenue. While this remains modest, the company has consistently characterized FCS as an initial commercial foundation rather than the primary revenue opportunity. The experience gained through the FCS launch, particularly relationships with cardiologists and endocrinologists, should provide an important advantage as Arrowhead prepares to enter the broader severe hypertriglyceridemia (sHTG) market.

Potential 2Q27 Launch in sHTG

The most significant near-term catalyst remains the potential expansion of REDEMPLO into sHTG. Arrowhead submitted the sNDA to the FDA on November 2, 2026, supported by the results from the pivotal SHASTA-3 and SHASTA-4 studies. The application was accepted into the FDA's Split Real-Time Application Review (STAR) pilot program, which provides eligibility for six-month Priority Review and the possibility of an even earlier regulatory decision. Although the timing and ultimate outcome remain subject to FDA review, management is preparing for a potential U.S. launch in 2Q27.

The clinical results provide a compelling foundation for the expanded indication. SHASTA-3 and SHASTA-4 demonstrated median triglyceride reductions of 79% and 81%, respectively, at Month 12. More than 90% of treated patients achieved triglyceride levels below 500 mg/dL, while more than half achieved levels below 150 mg/dL. Importantly, plozasiran also reduced the rate of adjudicated acute pancreatitis events by 78% compared with placebo. Among patients with a prior history of pancreatitis, the reduction was 91%. These findings are particularly relevant because the clinical value proposition extends beyond lowering triglycerides to reducing the risk of a potentially life-threatening complication.

Arrowhead estimates that more than three million U.S. patients have sHTG, including approximately one million considered at particularly high risk of acute pancreatitis. The company intends to initially focus on this higher-risk population, including patients with triglycerides of at least 880 mg/dL and those with triglycerides above 500 mg/dL who have a prior history of pancreatitis. Management estimates that approximately 200,000 U.S. patients have a history of triglyceride-related acute pancreatitis, representing a particularly compelling initial target population. Over time, the opportunity could expand into broader primary prevention, although this will likely require additional physician education and greater comfort with treating patients before they experience a pancreatitis event.

Tryngolza® Launch Provides Important Commercial Lesson

The recent experience with Ionis Pharmaceuticals' Tryngolza® is an important consideration as Arrowhead prepares for its sHTG launch. Despite being the first FDA approved APOC3-targeted therapy for sHTG, Tryngolza has

experienced a slower than anticipated commercial ramp. Ionis reported 3Q26 net product sales of $9 million and cumulative nine-month sales of $41 million for Tryngolza. Following its initial expectation of $100-$110 million in FY26 sales, Ionis reduced its guidance to approximately $50 million, citing slower than anticipated uptake. Ionis' management identified several challenges involving physician adoption, repeat prescribing, and reimbursement.

As of September 30, approximately 1,500 healthcare professionals had prescribed Tryngolza, but only 24% had written more than one prescription. Furthermore, only 33% of commercial lives were covered under payer formularies that included the sHTG indication. A majority of prescriptions required medical exceptions, creating additional administrative burdens for physician offices and delaying treatment initiation. Ionis has responded by expanding physician education, increasing engagement with early prescribers, and implementing its Quick Start program, which allows eligible patients to begin treatment while insurance coverage is being established.

Management emphasized that physicians need time to understand which patients are appropriate for treatment, observe clinical outcomes, and become comfortable prescribing a new class of therapy. Some physicians may require more than ten interactions with the commercial organization before adopting the treatment. Ionis believes these issues are manageable and continues to forecast multibillion-dollar peak sales, but the reduction in near-term guidance demonstrates that establishing this market will likely take longer than initially anticipated.

Arrowhead believes it has an opportunity to avoid some of these challenges by entering the market second, allowing it to learn from Ionis' initial experience and refine its commercial approach. Management specifically cited what it characterized as missteps in Ionis' communication and commercial execution, while emphasizing that Arrowhead is already engaging with payers ahead of approval. The company is using the FDA's pre-approval information exchange process to communicate the clinical and economic value proposition of REDEMPLO to both clinical and negotiating teams at major payers. Management indicated that it has not encountered much price resistance in these discussions and believes the published Tryngolza reimbursement policies provide a useful indication of the coverage criteria that could ultimately apply to REDEMPLO.

There are also potential product-level advantages. REDEMPLO is administered subcutaneously once every three months, compared with monthly administration for Tryngolza, providing a more convenient dosing schedule. Arrowhead's $45,000 annual WAC represents a modest premium to Tryngolza's $40,000 price, which management believes is justified by the products clinical profile and quarterly dosing convenience. The company intends to maintain this consistent price across FCS and sHTG, if approved.

We believe the pricing strategy is reasonable at this point, particularly given the relatively modest premium and potential advantages that REDEMPLO has in comparison to Tryngolza. However, Ionis' experience reinforces that pricing alone is unlikely to determine commercial success. Arrowhead will need to show that its payer engagement translates into broad formulary coverage, manageable utilization requirements, and a relatively straightforward path from prescription to reimbursed treatment. The company also expects to initiate its own Quick Start and patient assistance programs for sHTG, allowing appropriate patients to begin treatment while coverage is being secured. Ultimately, the key measure will be the conversion of these patients into sustained, reimbursed therapy.

Update on Development Products

In addition to REDEMPLO, Arrowhead recently reported on several important clinical and platform developments in a number of therapeutic areas.

ARO-DIMER-PA: In September 2026, the company reported interim results that showed the simultaneous silencing of PCSK9 and APOC3 using a single RNAi molecule, with maximal reductions of 89% in PCSK9 and 95% in APOC3. Corresponding lipid reductions included 65% for LDL cholesterol, 78% for triglycerides, 73% for remnant cholesterol, and 66% for ApoB. Although these were early single-dose findings, the results provide clear clinical validation of the dual-targeting approach and could support a differentiated treatment for mixed hyperlipidemia. We anticipate additional multiple-dose data in the first half of 2027 with the company evaluating a potential regulatory strategy based initially on LDL cholesterol reduction.

ARO-MAPT: In October 2026, Arrowhead announced encouraging interim results that showed substantial target engagement in the central nervous system (CNS) following subcutaneous administration. In healthy volunteers, treatment produced a mean reduction of up to 73% in cerebrospinal fluid total tau at Day 105, with a maximum individual reduction of 85%. The durability of the effects supports the potential for maintenance dosing every three months or less frequently. Most importantly, these results validate the company's ability to deliver RNAi therapeutics across the blood-brain barrier using subcutaneous administration, which opens up the opportunity to target additional CNS diseases. We anticipate additional healthy volunteer and initial Alzheimer's patient data during 2027.

Zodasiran: Arrowhead completed enrollment in the Phase 3 YOSEMITE study of zodasiran in homozygous familial hypercholesterolemia (HoFH), enrolling 70 patients compared with the original target of 60. The study is expected to be completed in mid-2027, with results anticipated during the second half of 2027 and a potential NDA filing by year-end 2027, subject to positive results.

ALK7: We expect additional data from the ALK7 obesity program before the end of 2026, including monotherapy cohorts and combination cohorts with tirzepatide.

Financial Update

On November 12, 2026, Arrowhead announced financial results for fiscal year 2026 that ended September 30, 2026. The company reported revenue of $450.8 million for fiscal year ending September 30, 2026 compared to $829.4 million for the fiscal year ending September 30, 2025. The decrease primarily reflects the substantial collaboration revenue recognized in the prior year, particularly from the initial Sarepta and Sanofi agreements. FY26 revenue included $317 million related to Sarepta, including a $181 million milestone associated with the second DM1 target, $89 million from the Novartis collaboration, $25 million from Madrigal following completion of the ARO-PNPLA3 license and technology transfer, and $13.3 million related to Sanofi's Greater China collaboration. REDEMPLO contributed $6.6 million in its first year of commercial sales.

Total operating expenses in fiscal year 2026 were approximately $1.16 billion compared to $731.1 million in fiscal year 2025. Operating expenses in fiscal year 2026 included the $215 million acquisition cost of a Priority Review Voucher.

R&D expenses for the fiscal year ending September 30, 2026 were approximately $739.1 million compared to $607.2 million for fiscal year 2025. The increase was primarily due to increased candidate costs, manufacturing, and clinical supply activity. G&A expenses for fiscal year 2026 were $202.0 million compared to $124.0 million for fiscal year 2025. The increase was primarily due to the investment in the commercialization of REDEMPLO.

Arrowhead exited fiscal year 2026 with approximately $1.2 billion in cash, cash equivalents, and investments. On November 2, 2026, the company announced a refinancing with Sixth Street, which replaced the prior facility with a new $400 million senior secured term loan at three-month SOFR plus 5.50%, compared to the prior facility's 15% annual rate. The company also negotiated a $68 million discount to the minimum amount required to retire the old facility in 2028. The new loan matures on November 2, 2031, has no scheduled principal amortization before maturity, and eliminates any and all required cash sweeps to Sixth Street tied to product sales, royalties, milestones, or any existing, or new, licensing and partnership proceeds. Arrowhead's funded debt now consists mostly of the new $400 million term loan due in November 2031 and $700 million of zero-percent convertible notes due in January 2032.

Arrowhead also announced that it will be changing its fiscal year to end in December to align with the calendar year. The calendar quarter from October to December 2026 will be a 'transitional quarter period', with fiscal quarter one 2027 now referring to January through March 2027.

As of November 5, 2026, Arrowhead had approximately 141.4 million shares outstanding and, when factoring in stock options and restricted stock units, a fully diluted share count of approximately 147.9 million.

Conclusion

With the sNDA for sHTG filed we look forward to an update from the company on the PDUFA date. The programs inclusion in the STAR program includes an accelerated review period, thus we estimate a commercial launch in sHTG could be initiated in 2Q27. This represents the company's most important near-term opportunity, which is supported by exceptional clinical data, quarterly dosing convenience, and an addressable patient population that is considerably larger than the initial FCS market.

However, Ionis' experience with Tryngolza has not gone as anticipated, with slower physician adoption, limited repeat prescribing, and reimbursement hurdles that have all delayed the conversion of prescriptions into paid treatments. Arrowhead does have the benefit of observing these challenges prior to launch and believes that its

existing FCS commercial infrastructure and early payer engagement will allow it to execute more effectively. We agree that these are meaningful advantages and should position Arrowhead to be successful in the sHTG market.

In the near term, we will be focused on the FDA's review of the sNDA and the company's ability to establish payer coverage ahead of a potential 2Q27 launch. Following approval, the most important indicators to track will be growth in new-to-brand prescriptions, expansion of the prescriber base, repeat prescribing, and conversion into reimbursed treatment. The company is in a solid financial position ahead of the launch and we remain confident that it has the resources necessary to translate the opportunity in sHTG into meaningful and sustainable revenue growth. With no changes to our model, our valuation remains at $105 per share.

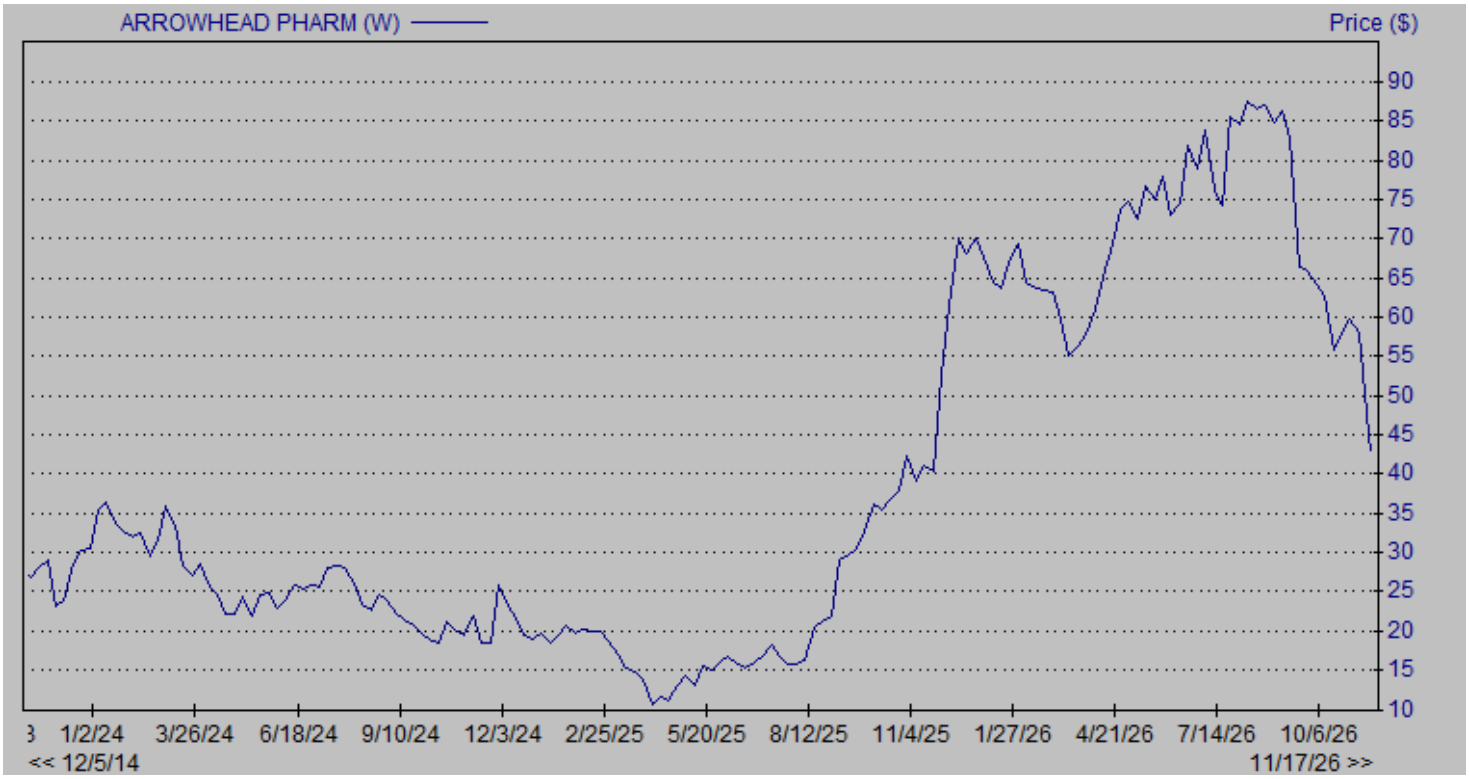
PROJECTED FINANCIALS

Arrowhead Pharmaceuticals, Inc.	FY2026 E	Transition Quarter	1Q27 E	2Q27 E	3Q27 E	4Q27E	2027 E	2028 E	2029 E
Revenue	$450.8	$50.0	$51.0	$52.0	$54.0	$57.0	$214.0	$360.0	$770.0
Total Revenues	**$450.8**	**$50.0**	**$51.0**	**$52.0**	**$54.0**	**$57.0**	**$214.0**	**$360.0**	**$770.0**
Cost of Revenue	$1.8	$0.0	$0.4	$0.4	$0.4	$0.4	$1.5	$4.8	$8.5
Gross Income	**$449.0**	**$50.0**	**$50.7**	**$51.6**	**$53.6**	**$56.6**	**$212.5**	**$355.2**	**$761.5**
Gross Margin	*99.6%*	*100.0%*	*99.3%*	*99.3%*	*99.3%*	*99.3%*	*99.3%*	*98.7%*	*98.9%*
R&D	$739.1	$191.0	$195.0	$198.0	$202.0	$205.0	$800.0	$740.0	$740.0
% R&D	*164.0%*	*382.0%*	*382.4%*	*380.8%*	*374.1%*	*359.6%*	*373.8%*	*205.6%*	*96.1%*
Salary and G&A	$202.0	$46.0	$47.0	$50.0	$60.0	$65.0	$222.0	$275.0	$300.0
% SG&A	*44.8%*	*92.0%*	*92.2%*	*96.2%*	*111.1%*	*114.0%*	*103.7%*	*76.4%*	*39.0%*
Other expenses	$215.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
% Other	*47.7%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Operating Income	**($707.2)**	**($187.0)**	**($191.4)**	**($196.4)**	**($208.4)**	**($213.4)**	**($809.5)**	**($659.8)**	**($278.5)**
Operating Margin	*-156.9%*	-	-	-	-	-	*-378.3%*	*-183.3%*	*-36.2%*
Other Income (Net)	($16.7)	($12.5)	($12.5)	$3.7	($8.8)	($15.0)	($15.0)	($15.0)	($15.0)
Pre-Tax Income	**($723.9)**	**($199.6)**	**($203.9)**	**($192.7)**	**($217.2)**	**($228.4)**	**($824.5)**	**($674.8)**	**($293.5)**
Net Taxes (benefit)	$6.8	$0.0	$0.0	$0.0	$0.0	$1.8	$0.0	$0.0	$0.0
Net Loss Attributable to Noncontrolling Interest	$7.1	$2.6	$2.6	$4.8	$15.4	$3.5	$0.0	$0.0	$0.0
Reported Net Income	**($724.2)**	**($197.0)**	**($201.3)**	**($187.8)**	**($232.6)**	**($226.7)**	**($824.5)**	**($674.8)**	**($293.5)**
Net Margin	*-160.6%*	-	-	-	-	-	*-385.3%*	*-187.4%*	*-38.1%*
Reported EPS	**($5.11)**	**($1.39)**	**($1.42)**	**($1.32)**	**($1.64)**	**($1.59)**	**($5.81)**	**($4.72)**	**($2.02)**
YOY Growth	-	-	-	-	-	-	-	-	-
Basic Shares Outstanding	141.6	141.4	141.7	141.9	142.0	142.3	142.0	143.0	145.0

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

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