

Interferon-gamma pathway is activated in a chronically HBV infected chimpanzee that controls HBV following ARC-520 RNAi treatment

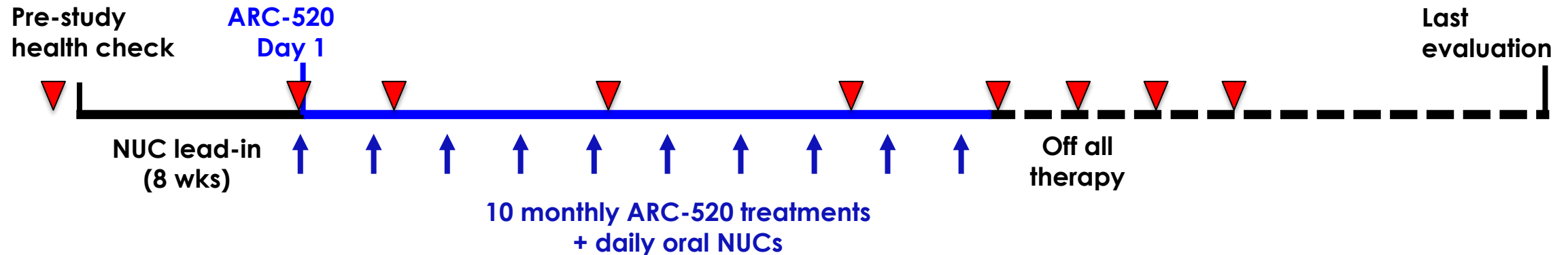
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Global Hepatitis Summit
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Forward-looking Statements

This presentation contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current expectations and speak only as of the date hereof. Our actual results may differ materially and adversely from those expressed in any forward-looking statements as a result of various factors and uncertainties, including, without limitation, the safety and efficacy of our product candidates, the duration and impact of regulatory delays in our clinical programs, our ability to finance operations, the timing for starting and completing clinical trials, rapid technological change in our markets, and the enforcement of our intellectual property rights. Our Annual Report on Form 10-K, recent and forthcoming Quarterly Reports on Form 10-Q, recent Current Reports on Forms 8-K, and other SEC filings discuss some of the important risk factors that may affect our ability to achieve the anticipated results, as well as our business, results of operations and financial condition. Readers are cautioned not to place undue reliance on these forward-looking statements. Additionally, Arrowhead disclaims any intent to update these forward-looking statements to reflect subsequent developments.

Treatment of chimpanzee with RNAi therapeutic ARC-520



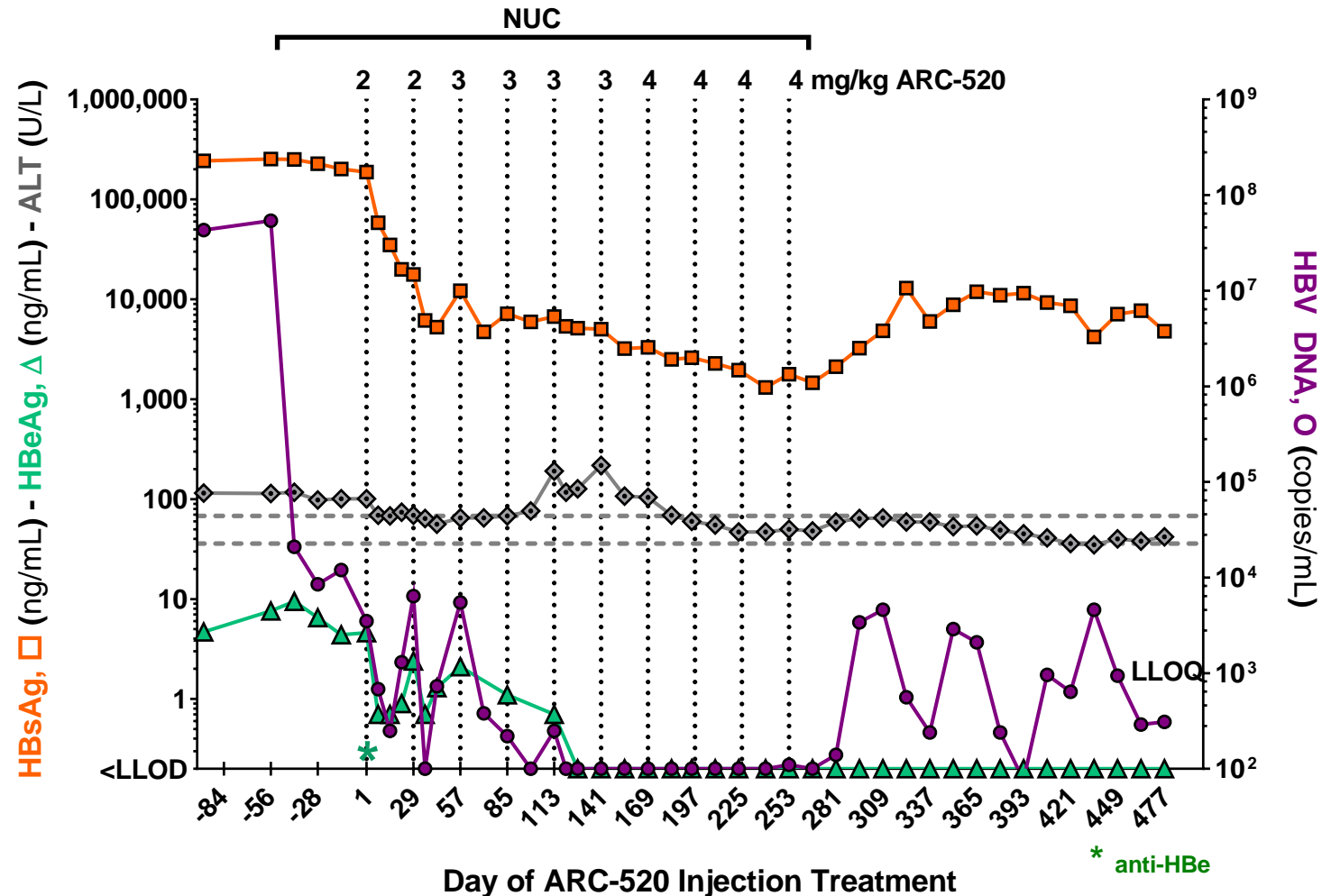
- Chimpanzee A
 - Female
 - HBeAg-positive
 - $7.7 \log_{10}$ copies/mL serum HBV DNA
 - $2.4 \log_{10}$ $\mu\text{g/mL}$ HBsAg

- Treatment
 - Daily oral entecavir
 - 2-4 mg/kg ARC-520 dosed monthly
- Monitor safety and efficacy
 - Regular blood collection
 - Periodic liver needle biopsies (▼)

On-treatment response to RNAi + NUC

- Serum HBV DNA undetectable for 17 weeks
- HBeAg negative (after 5th ARC-520 injection), anti-HBe positive
- HBsAg reduced 99.46% (2.3 log₁₀)
- Pre-core/pgRNA reduced 99.95%
- Total HBV RNA reduced 99.74%

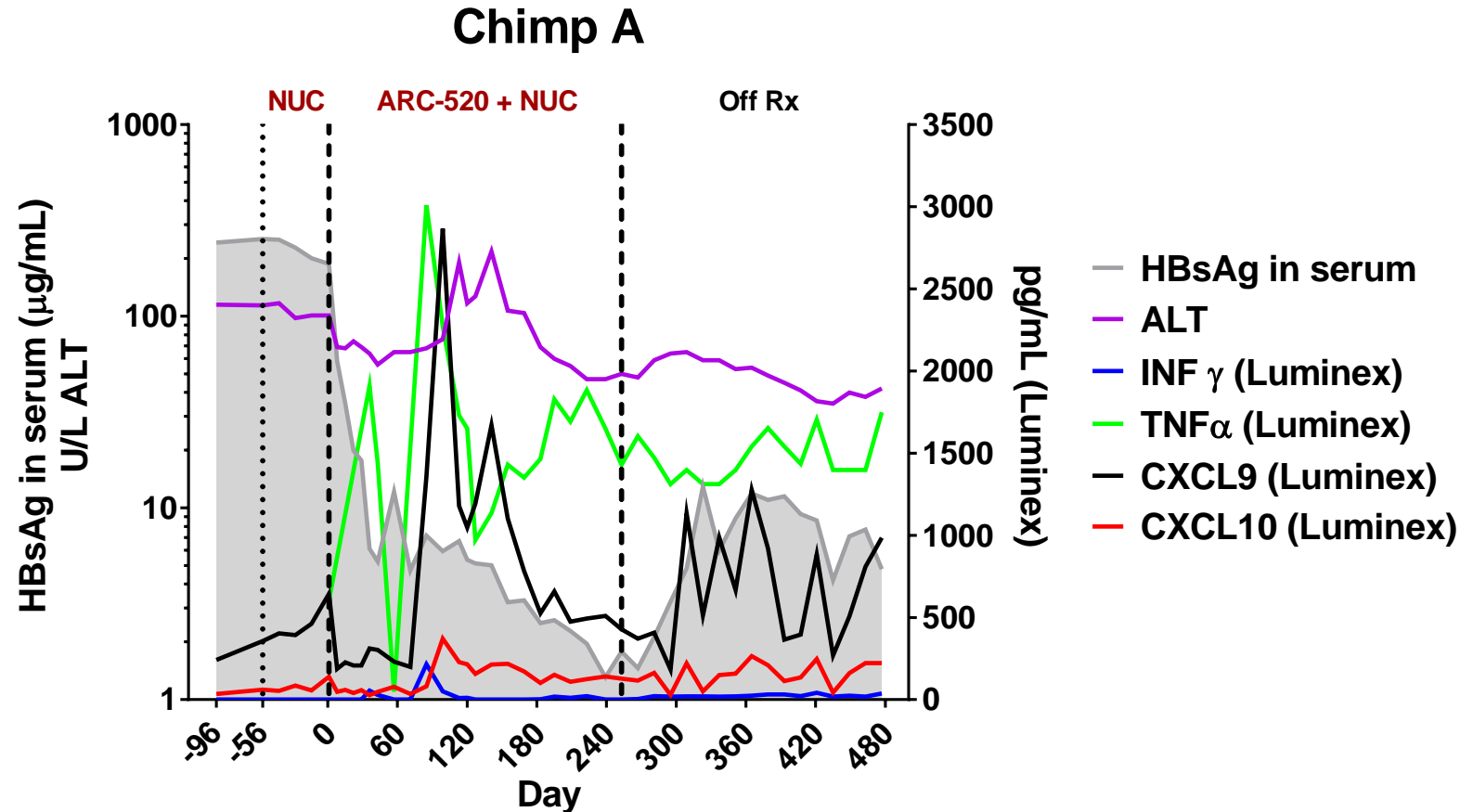
Following ARC-520 treatments: sustained anti-viral response off all therapy



Sustained response 31 weeks off all therapy

- Serum HBV DNA was 5 log₁₀-fold lower than pre-study
- HBsAg was 1.7 log₁₀-fold lower than pre-study
- HBeAg negative and anti-HBe positive (seroconverted)
- Liver HBV RNA was 99% lower than pre-study

Serum cytokines that increased during ARC-520 treatment



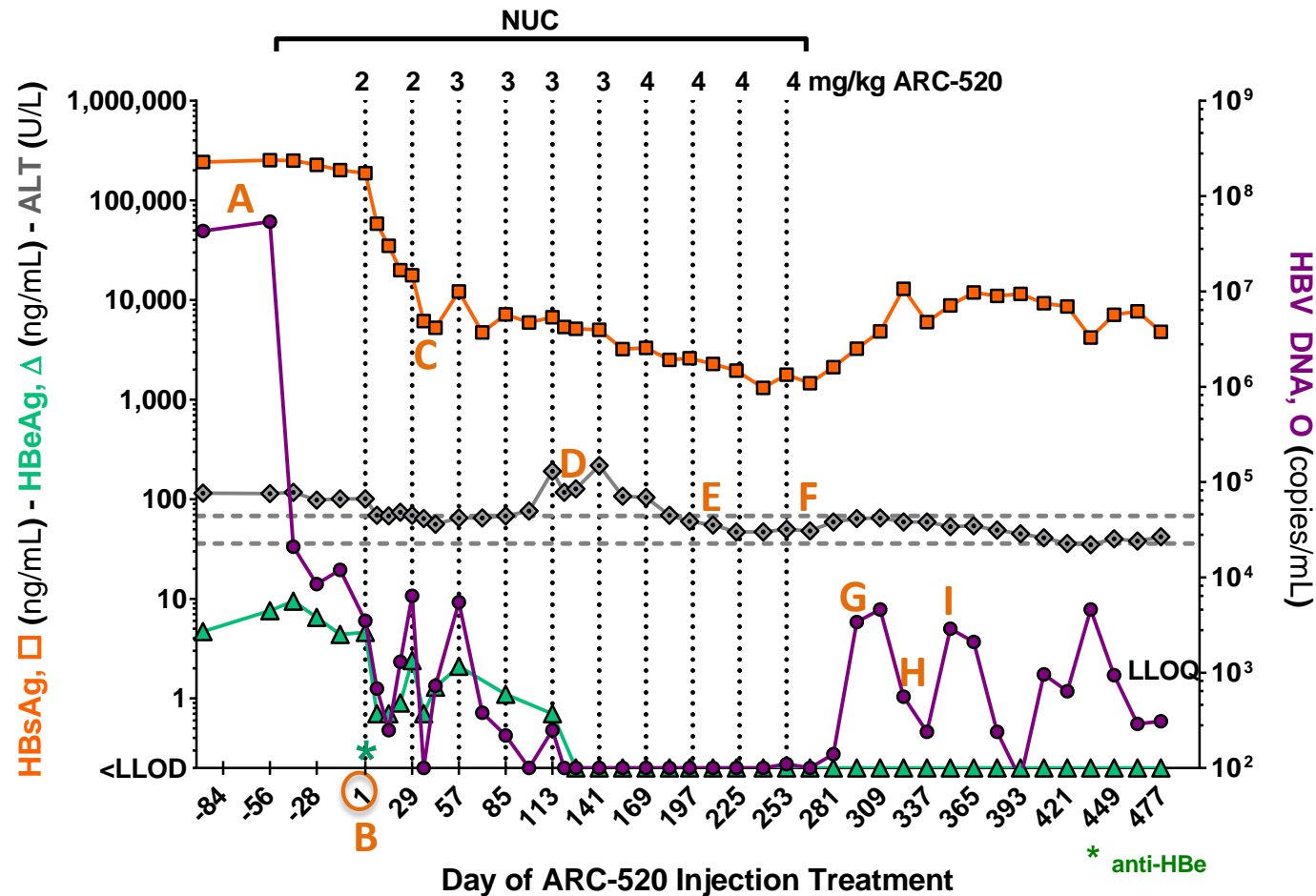
- IFN- γ , CXCL9, TNF- α , and CXCL10 increased when HBsAg was decreased (CXCL9 and CXCL10 are IFN- γ responsive cytokines)
- ALT flare followed elevations of these cytokines
- Off all treatment, elevations of CXCL9, CXCL10 and TNF- α were cyclical

Elevation of IFN- γ responsive cytokines during period of reduced HBsAg, shortly before the ALT flare, and off treatment when HBV was being controlled

Gene Expression Pathway Analysis

- Liver biopsies were collected periodically before, during and after ARC-520 treatment of chimp A
- mRNA-seq generated 40 million reads of each mRNA sample from the liver biopsies
- Expression pathways were assessed by Ingenuity Pathway Analysis (Qiagen)
 - Canonical pathway analysis comparing changes in mRNA-seq reads to published pathways
 - Upstream analysis to identify upstream genes that would result in the observed downstream gene expression pathways

Biopsy Time Points For mRNA-seq Pathway Analysis



Biopsies

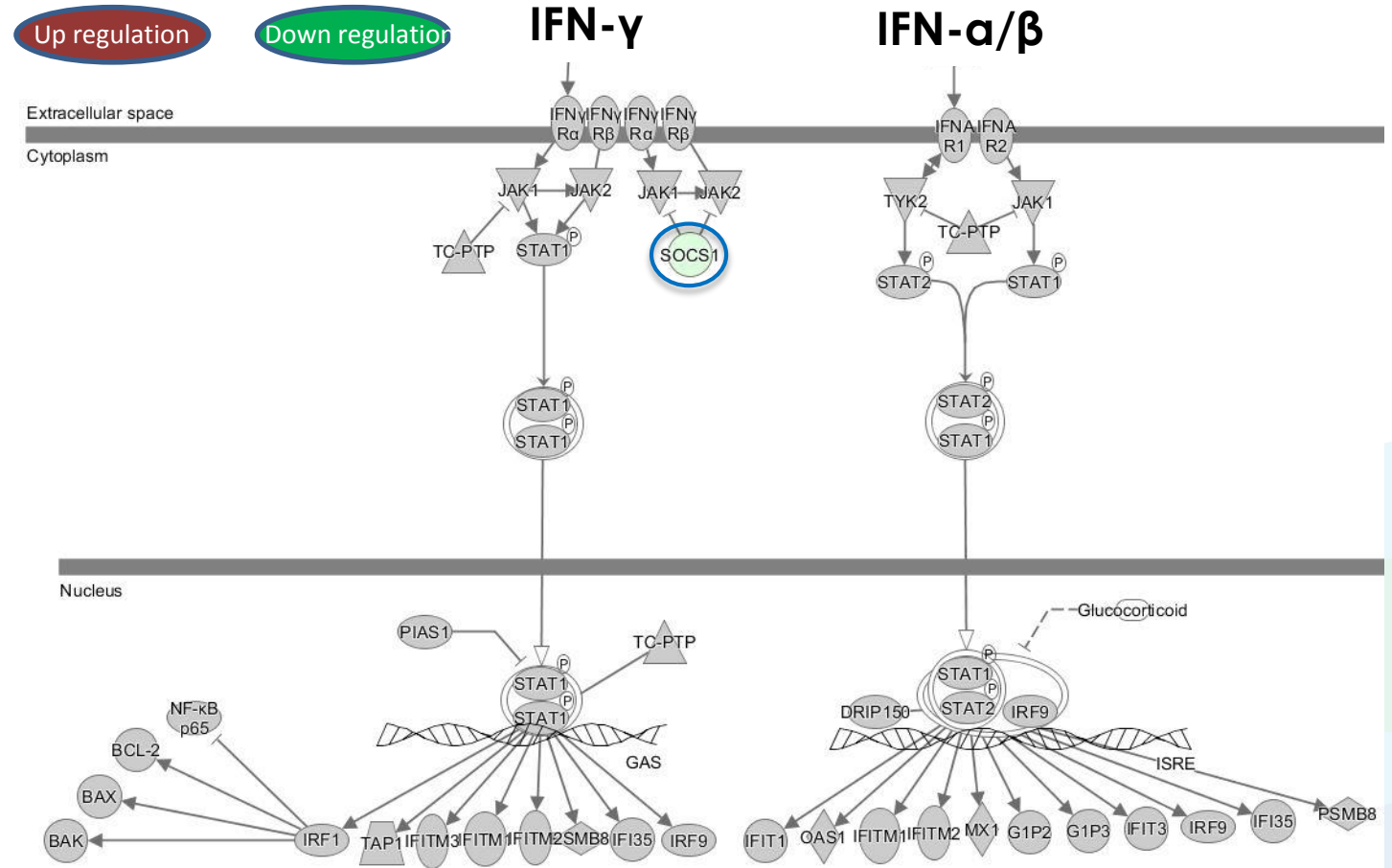
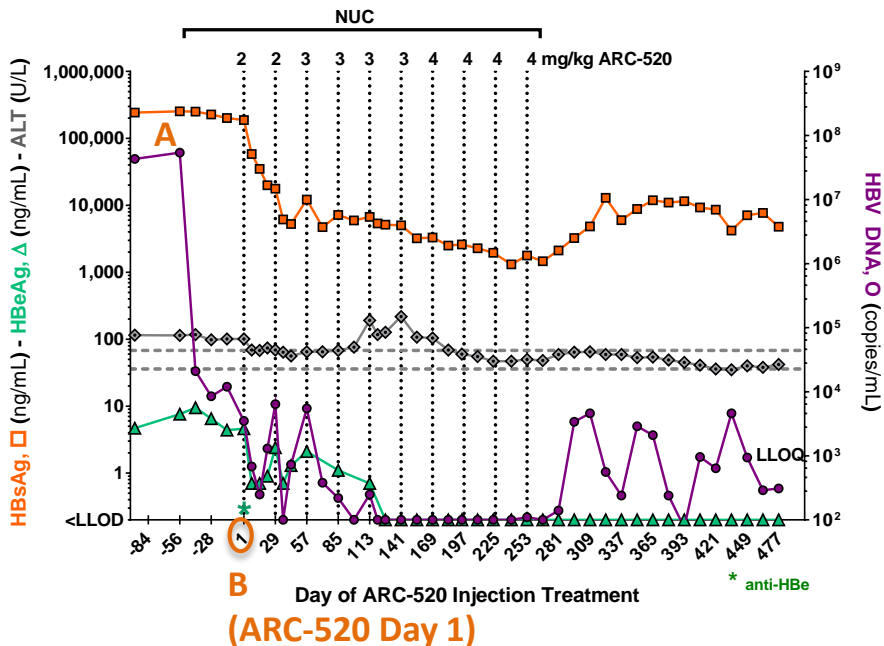
- A. Day -64: pre-study Health Check (HC)
- B. Day 1: after 8 week NUC lead-in, before 1st dose ARC-520
- C. Day 36: one week after 2nd dose ARC-520
- D. Day 120: during on-treatment ALT flare
- E. Day 209: 2 weeks after 8th ARC-520 dose
- F. Day 267: 2 weeks after 11th ARC-520 dose
- G. Day 295: 5 weeks off all treatment and during serum HBV DNA elevation/ALT increase
- H. Day 323: 7 weeks off all treatment, serum HBV DNA declining
- I. Day 351: 11 weeks off all treatment and during second off-treatment serum HBV DNA elevation

Canonical Gene Expression Pathway Analysis

Ingenuity Pathway Analysis (IPA)

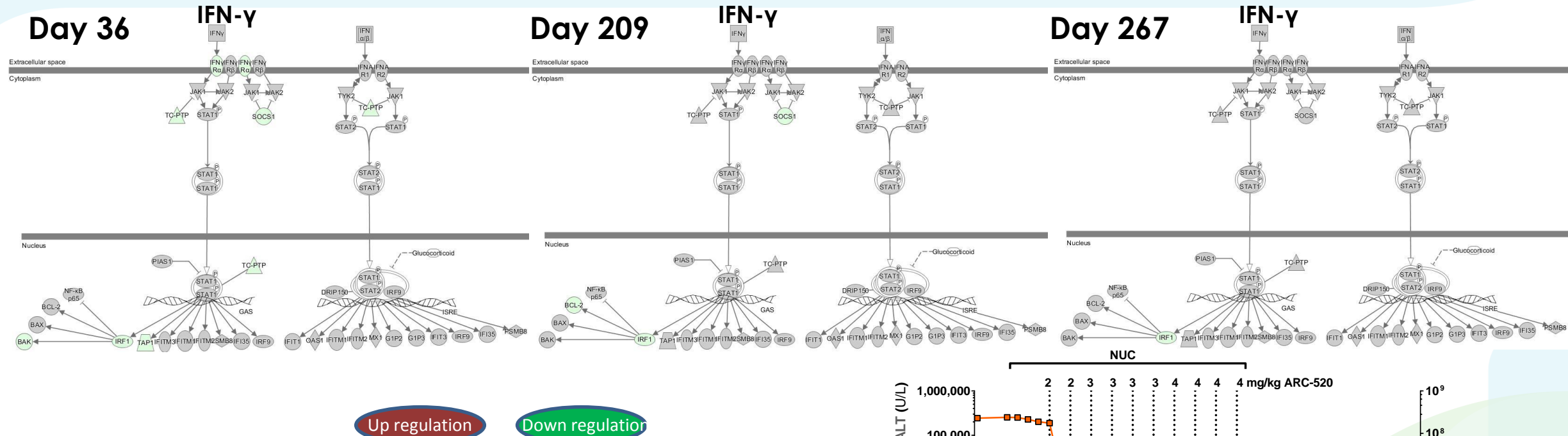
- IPA software (Qiagen)
- All mRNA-seq data normalized to ARC-520 Day 1 after NUC lead-in
- Fold change 1.5, FPKM>0.2

A. Day -64: pre-study Health Check (HC)

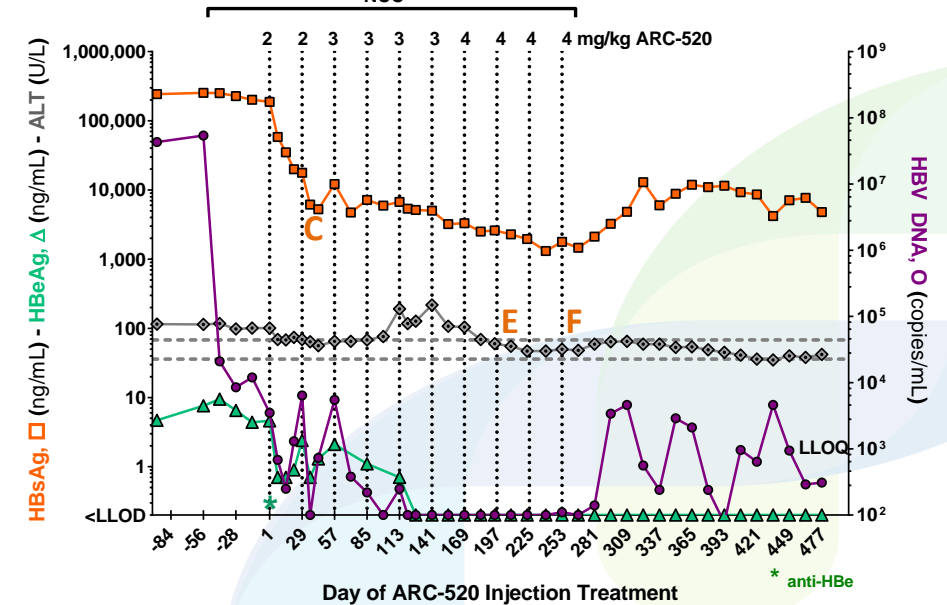


Almost no change in IFN-γ and IFN-α/β pathway gene expression before and after NUC lead-in

Down-regulation of IFN- γ pathway genes during ARC-520 treatment during periods of improving or quiescent ALTs

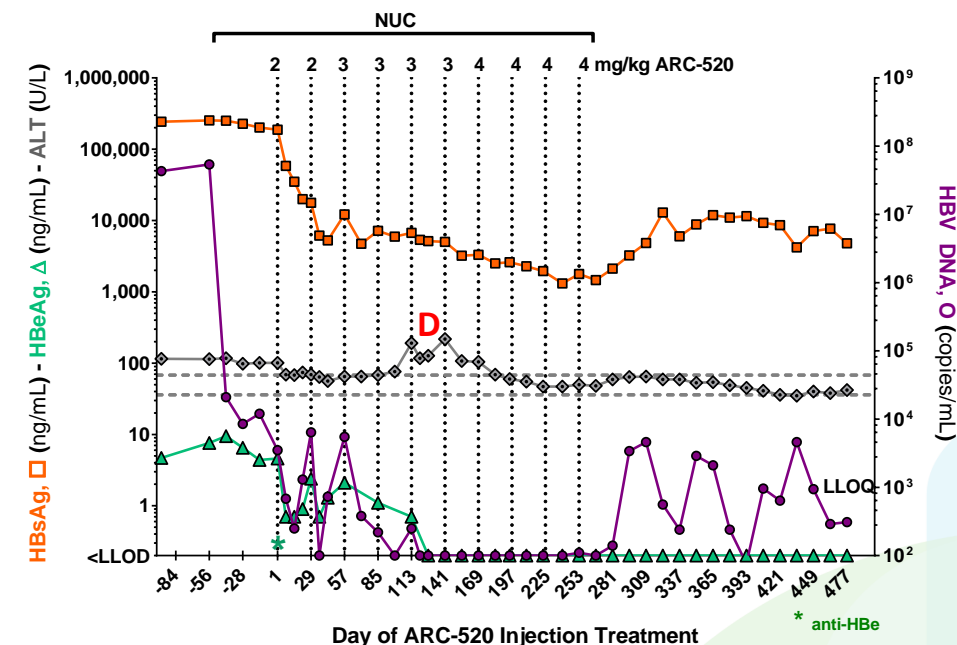
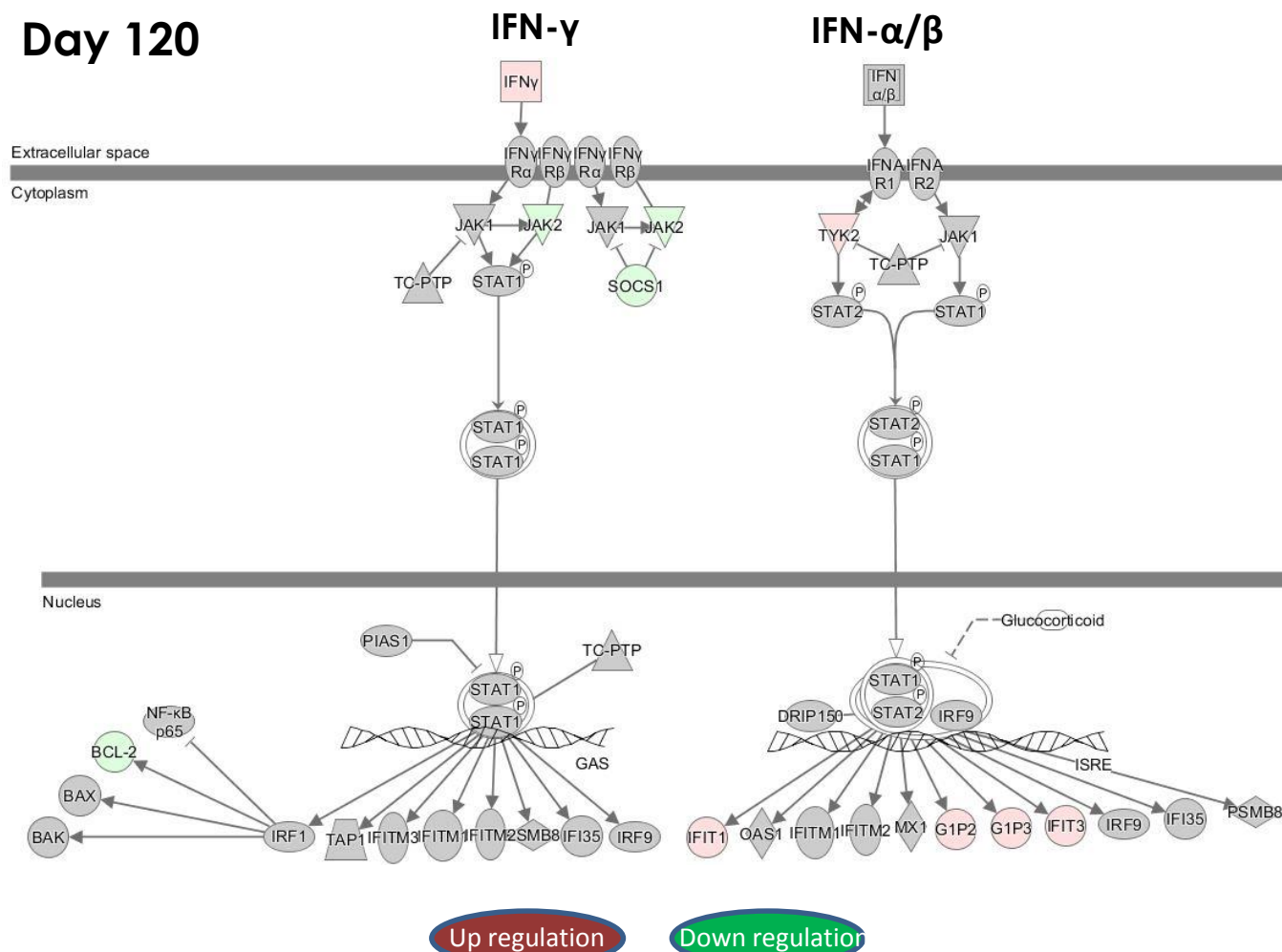


- HBsAg and HBeAg reduced
- Serum HBV DNA undetectable
- ALT normal
- Modest down-regulation of IFN- γ pathway genes



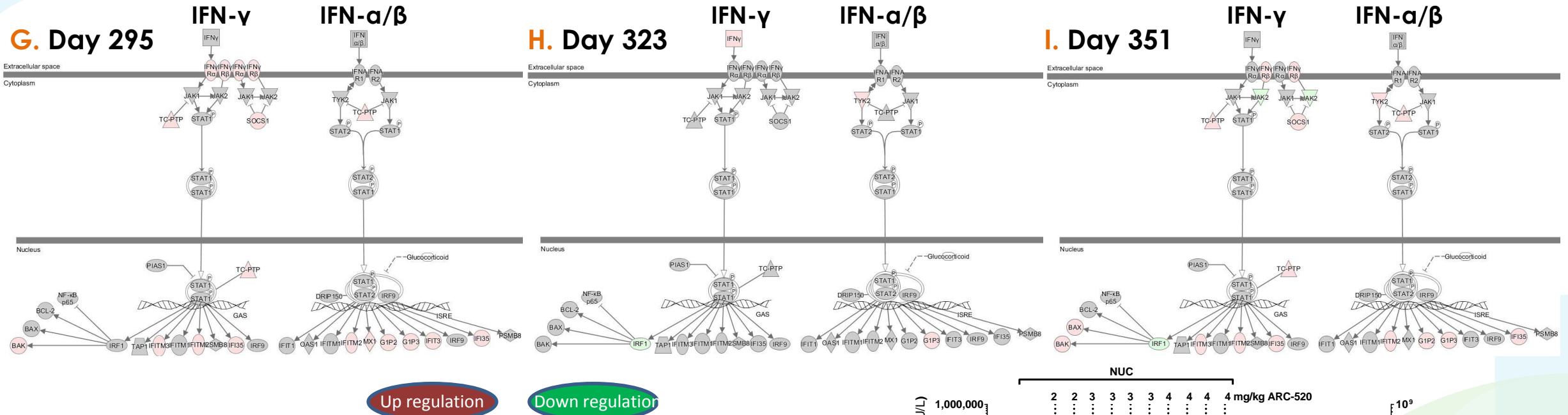
Modest up-regulation of interferon pathways during ALT flare

Day 120

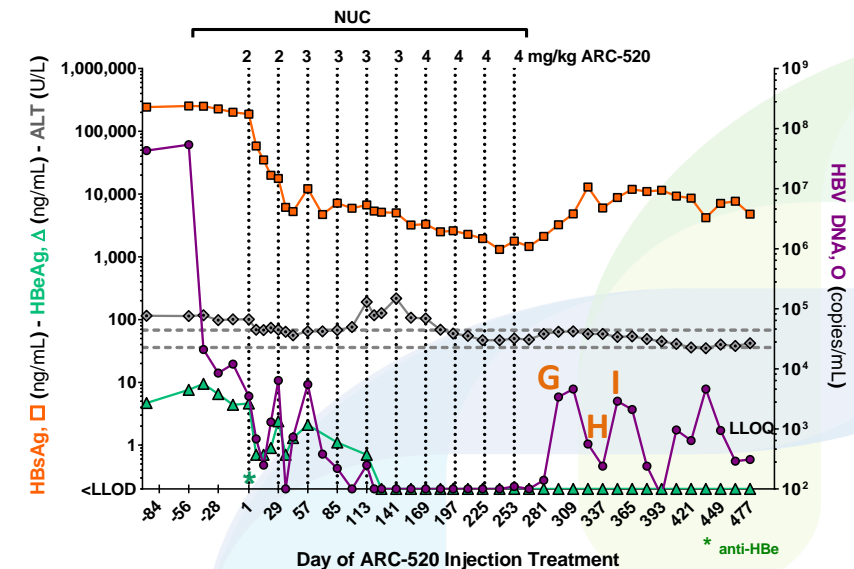


- ALT flare
- HBsAg reduced
- Serum HBV DNA & HBeAg undetectable
- Modest up-regulation of IFN pathways

Up-regulation of IFN- α/β , γ pathways off all treatment associated with ALT increase (mild)



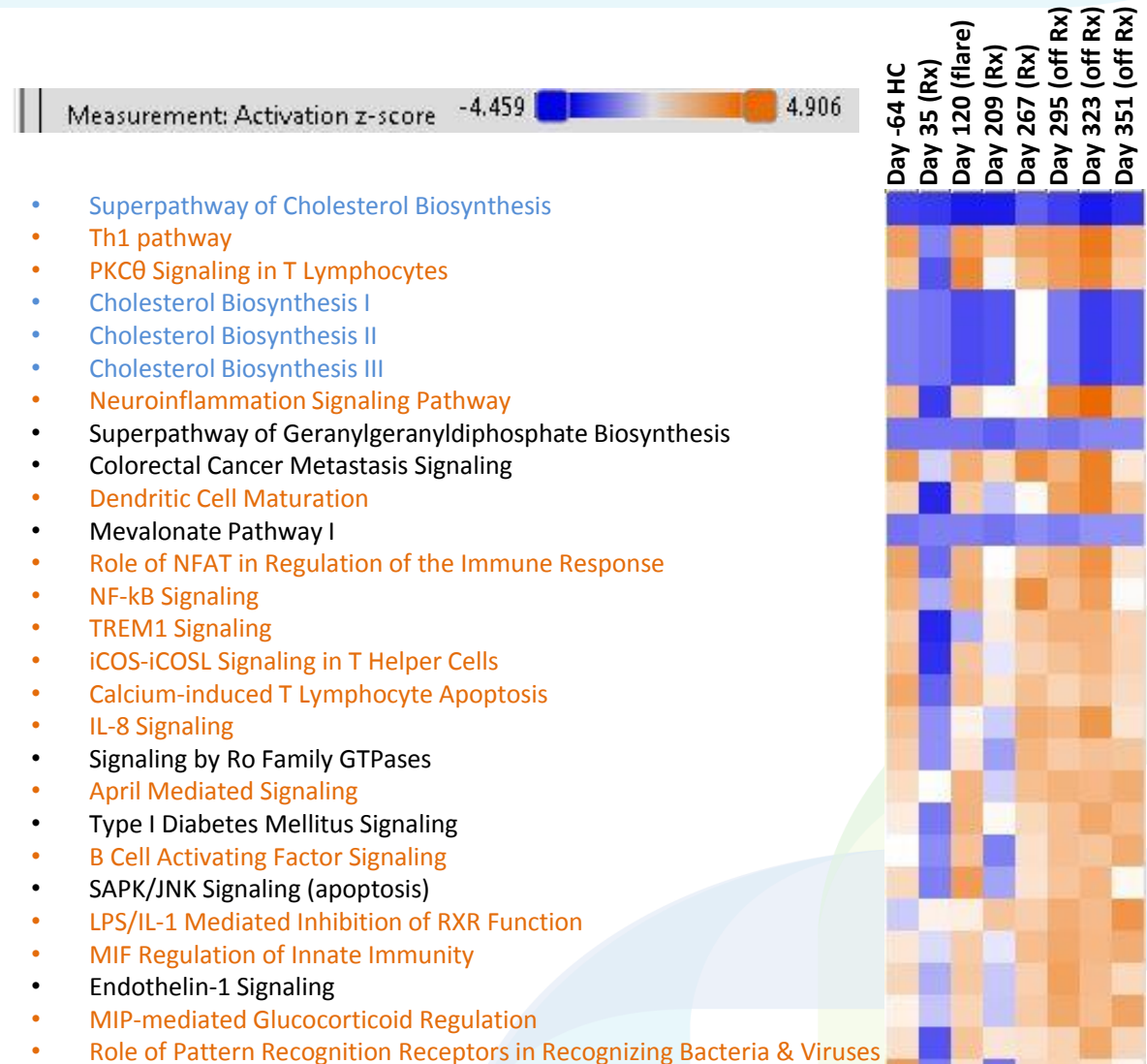
- Cycles of low level elevations and decreases of serum HBV DNA off treatment
- Mild but visible increase in ALT
- Up-regulation of IFN- α/β , γ pathway genes



Canonical pathway analysis shows immune pathways up-regulated

Comparison is to biopsy pre-ARC-520 but after ETV lead-in

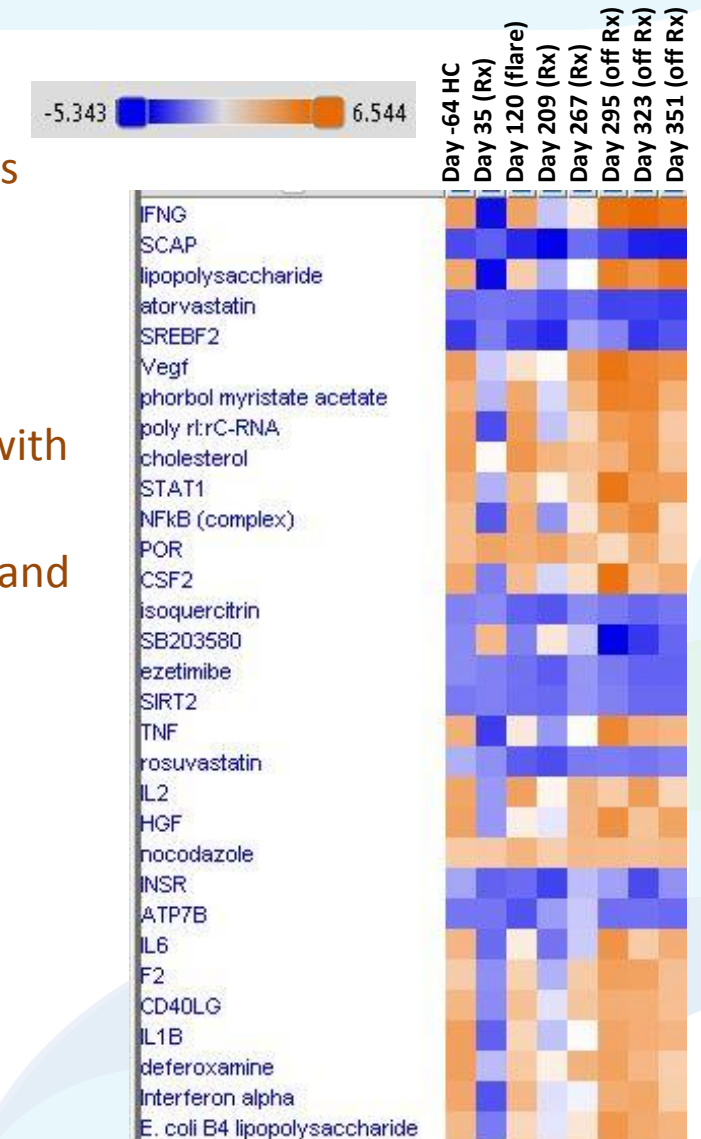
- Th1 pathway (CD4+ T cell role in adaptive immunity)
- PKCθ Signaling in T Lymphocytes
- Neuroinflammation Signaling Pathway (beneficial inflammatory response when controlled)
- Dendritic Cell Maturation
- Role of NFAT (Nuclear Factor of Activated T-cells) in Regulation of Immune Response
- NF-kB Signaling
- TREM1 Signaling (innate & adaptive immune response)
- iCOS-iCOSL Signaling in T Helper Cells
- Calcium-induced T Lymphocyte Apoptosis
- IL-8 Signaling (cellular immune response)
- April Mediated Signaling (promotes B cell proliferation)
- B Cell Activating Factor Signaling
- MIF Regulation of Innate Immunity
- MIF-mediated Glucocorticoid Regulation
- Role of Pattern Recognition Receptors in Recognizing Bacteria and Viruses



Upstream analysis shows INF- γ response pathway as top hit

Comparison is to biopsy pre-ARC-520 but after 57 days of ETV

- **IFNG** – interferon gamma secreted by activated immune cells
- Lipopolysaccharide – communication between innate & adaptive immune cells
- Phorbol myristate acetate – IL12 signaling and production in macrophages
- Poly rI:rC-RNA – inflammatory response
- STAT1 – transcription factor regulated by IFN-alpha, IFN-gamma and IL6
- NFkB – controls transcription, cytokine production, cell survival (relationship with TNFa and LPS)
- CSF2 – cytokine controls production, differentiation, function of granulocytes and macrophages
- TNF – proinflammatory cytokine
- IL2 – proliferation of B cells and T cells
- IL6 – inflammation and maturation of B cells
- CD40LG – expressed on surface of T cells, regulates B cell function
- IL 1B – mediator of inflammatory response
- **Interferon alpha**



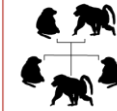
Conclusions

- Sustained host control of viremia off all treatment in chimpanzee A
 - HBeAg seroconversion
 - Serum HBV DNA maintained 5 log₁₀ lower than at start of study (near the LLOQ)
 - HBsAg maintained 1.7 log₁₀ lower
 - Off-treatment cycles of serum HBV DNA elevation and decrease coincided with expression of IFN α / β , γ and IFN γ -responsive cytokines that were measured in the serum
- Pathway analysis demonstrated that host control involved innate and adaptive immune responses
 - Upstream expression of IFN γ was most consistent with the activated canonical pathways
 - Interferon alpha also activated
 - T cell and B cell pathways were activated during host control
 - Involvement of dendritic cells, messengers between innate and adaptive immune system
- Host control involved very modest elevations of liver enzymes

Thank you !



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Backup

Immune pathways activated relative to last RNAi treatment

Comparing last time point on treatment to post-treatment

- Interferon-gamma
- Lipopolysaccharide
- STAT1
- TNF
- CSF2
- IL6
- IL 1B
- Poly rl:rC-RNA
- **IFNA2**
- NFkB (complex)
- **IL1RN**
- Interferon alpha
- Phorbol myristate acetate
- **TGFB1**
- **IL27**
- E coli B5 lipopolysaccharide
- **SOCS1** (suppressor of cytokine signaling) modulates IFNG action
- **OSM** regulates IL6
- IL2
- **Interferon**

