



August 9, 2016

## Arrowhead Reports Fiscal 2016 Third Quarter Results

*Conference Call and Webcast Today at 4:30 p.m. EDT*

PASADENA, Calif.--(BUSINESS WIRE)-- Arrowhead Pharmaceuticals, Inc. (NASDAQ: ARWR) today announced financial results for its fiscal 2016 third quarter ended June 30, 2016. The company is hosting a conference call at 4:30 p.m. EDT to discuss results.

### Conference Call and Webcast Details

Investors may access a live audio webcast on the Company's website at <http://ir.arrowheadpharma.com/events.cfm>. For analysts that wish to participate in the conference call, please dial 855-215-6159 or 315-625-6887 and enter Conference ID 57990579.

A replay of the webcast will be available on the company's website approximately two hours after the conclusion of the call and will remain available for 90 days. An audio replay will also be available approximately two hours after the conclusion of the call and will be available for 3 days. To access the audio replay, dial 404-537-3406 and enter Conference ID 57990579.

### Fiscal 2016 Third Quarter and Recent Company Highlights

#### Corporate Events

- | Today priced an at-the-market private offering of \$45 million of common stock

#### ARC-520

- | Presented promising ARC-520 hepatitis B data at The International Liver Congress™ 2016
- | Expanded the MONARCH study to include additional sites, investigators, and cohorts, including patients with HBV and hepatitis Delta virus co-infection

#### ARC-521

- | Initiated a Phase 1/2 study of ARC-521 designed to evaluate the safety, tolerability, and pharmacokinetics of single doses of ARC-521 in healthy volunteers and the safety, tolerability, and antiviral activity of single and multiple doses of ARC-521 in patients with chronic HBV. Two of a planned six normal volunteer cohorts have dosed, with the third cohort expected to dose this week

#### ARC-AAT

- | Completed enrollment in Part A of a Phase 1 study in healthy volunteers
- | Received approval from regulatory authorities in Canada, Ireland, and Sweden to begin a Phase 2 study designed to determine the effect of multiple doses of ARC-AAT on intrahepatic alpha-1 antitrypsin levels as evidenced by changes in liver biopsy in patients with alpha-1 antitrypsin deficiency

#### Platform and Early Pipeline

- | Presented promising new preclinical data on ARC-LPA for cardiovascular diseases and ARC-HIF2 for renal cell carcinoma showing that important advancements are being made to Arrowhead's delivery platforms to include subcutaneous administration and extra-hepatic targeting capabilities

### Selected Fiscal 2016 Third Quarter Financial Results

**ARROWHEAD PHARMACEUTICALS, INC.**  
**CONSOLIDATED CONDENSED FINANCIAL INFORMATION (unaudited)**

<b>OPERATING SUMMARY</b>	<b>Three Months Ended June 30,</b>		<b>Nine Months Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>REVENUE</b>	<b>\$ 39,583</b>	<b>\$ 123,750</b>	<b>\$ 127,083</b>	<b>\$ 338,250</b>
<b>OPERATING EXPENSES</b>				
Research and development	9,423,195	7,490,400	29,782,854	36,877,925
Acquired in-process research and development	-	-	-	10,142,786
Salaries and payroll-related costs	4,113,262	3,570,531	12,281,841	10,262,799
General and administrative expenses	2,275,628	1,829,393	8,045,571	5,612,219
Stock-based compensation	2,750,785	2,486,074	7,547,967	6,706,009
Depreciation and amortization	818,200	741,058	2,416,461	1,480,656
<b>TOTAL OPERATING EXPENSES</b>	<b>19,381,070</b>	<b>16,117,456</b>	<b>60,074,694</b>	<b>71,082,394</b>
<b>OPERATING LOSS</b>	<b>(19,341,487)</b>	<b>(15,993,706)</b>	<b>(59,947,611)</b>	<b>(70,744,144)</b>
<b>OTHER INCOME/(EXPENSE), PROVISION FOR INCOME TAXES</b>	<b>(79,256)</b>	<b>57,653</b>	<b>446,595</b>	<b>3,546,398</b>
<b>NET LOSS</b>	<b><u>\$(19,420,743)</u></b>	<b><u>\$(15,936,053)</u></b>	<b><u>\$(59,501,016)</u></b>	<b><u>\$ (67,197,746)</u></b>
<b>EARNINGS PER SHARE (BASIC AND DILUTED):</b>	<b>\$ (0.32)</b>	<b>\$ (0.27)</b>	<b>\$ (1.00)</b>	<b>\$ (1.19)</b>
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>	<b><u>59,966,955</u></b>	<b><u>59,492,867</u></b>	<b><u>59,764,129</u></b>	<b><u>56,631,297</u></b>

#### **FINANCIAL POSITION SUMMARY**

	<b>June 30, 2016</b>	<b>September 30, 2015</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>43,616,543</b>	<b>81,214,354</b>
<b>SHORT-TERM INVESTMENTS</b>	<b>1,030,556</b>	<b>17,539,902</b>
<b>TOTAL CASH RESOURCES (CASH, CASH EQUIVALENTS AND INVESTMENTS)</b>	<b>44,647,099</b>	<b>98,754,256</b>
<b>OTHER ASSETS</b>	<b>40,886,397</b>	<b>33,513,658</b>
<b>TOTAL ASSETS</b>	<b><u>85,533,496</u></b>	<b><u>132,267,914</u></b>
<b>TOTAL LIABILITIES</b>	<b>26,108,330</b>	<b>22,646,280</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>59,425,166</b>	<b>109,621,634</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>85,533,496</u></b>	<b><u>132,267,914</u></b>
<b>SHARES OUTSTANDING</b>	<b>60,429,405</b>	<b>59,544,677</b>
<b>PROFORMA SHARES OUTSTANDING (INCLUDING CONVERSION OF PREFERRED SHARES)</b>	<b>63,100,395</b>	<b>62,215,667</b>

#### **About Arrowhead Pharmaceuticals**

Arrowhead Pharmaceuticals develops medicines that treat intractable diseases by silencing the genes that cause them. Using a broad portfolio of RNA chemistries and efficient modes of delivery, Arrowhead therapies trigger the RNA interference mechanism to induce rapid, deep, and durable knockdown of target genes. RNA interference, or RNAi, is a mechanism present in living cells that inhibits the expression of a specific gene, thereby affecting the production of a specific protein. Arrowhead's RNAi-based therapeutics leverage this natural pathway of gene silencing. The company's pipeline includes ARC-520 and ARC-521 for chronic hepatitis B virus infection, ARC-AAT for liver disease associated with alpha-1 antitrypsin deficiency, ARC-F12 for hereditary angioedema and thromboembolic disorders, ARC-LPA for cardiovascular disease, and ARC-HIF2 for renal cell carcinoma.

For more information please visit [www.arrowheadpharma.com](http://www.arrowheadpharma.com), or follow us on Twitter [@ArrowheadPharma](https://twitter.com/ArrowheadPharma). To be added to the Company's email list and receive news directly, please visit <http://ir.arrowheadpharma.com/alerts.cfm>.

#### **Safe Harbor Statement under the Private Securities Litigation Reform Act:**

*This news release 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 our ability to finance our operations, the future success of our scientific studies, our ability to successfully develop drug candidates, the timing for starting and completing clinical trials, rapid technological change in our markets, and the enforcement of our intellectual property rights. Our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q discuss some of the important risk factors that may affect our business, results of operations and financial condition. We assume no obligation to update or revise forward-looking statements to reflect new events or circumstances.*

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Arrowhead Pharmaceuticals, Inc.

Vince Anzalone, CFA

626-304-3400

[ir@arrowheadpharma.com](mailto:ir@arrowheadpharma.com)

or

**Investor Relations:**

The Trout Group

Chad Rubin

646-378-2947

[ir@arrowheadpharma.com](mailto:ir@arrowheadpharma.com)

or

**Media:**

Russo Partners

Matt Middleman, M.D.

212-845-4272

[matt.middleman@russopartnersllc.com](mailto:matt.middleman@russopartnersllc.com)

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