

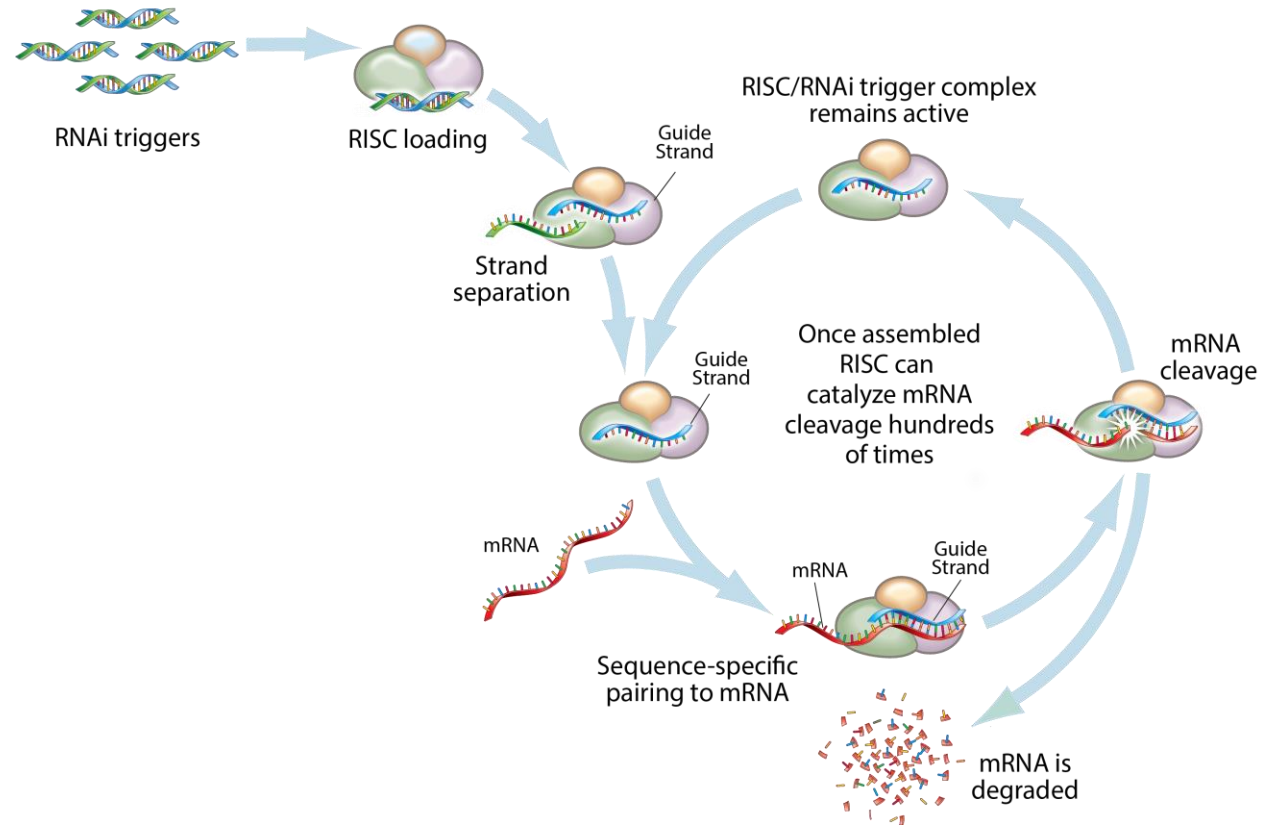
# RNAi in HBV, the next backbone therapy for use in combinations?

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# Safe Harbor Statement

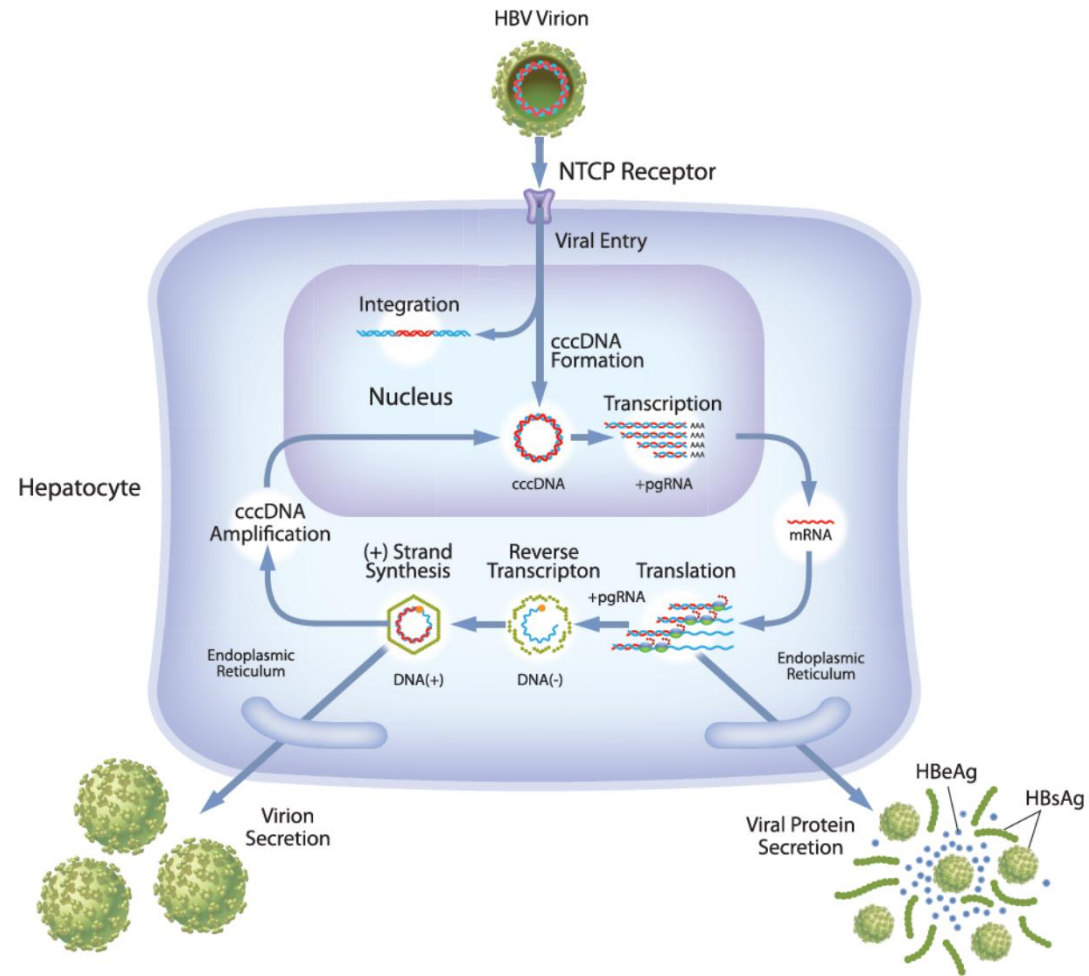
This presentation contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current expectations and speak only as of the date hereof. Our actual results may differ materially and adversely from those expressed in any forward-looking statements as a result of various factors and uncertainties, including, without limitation, our developmental stage and limited operating history, our ability to successfully and timely develop products, enter into collaborations and achieve other projected milestones, rapid technological change in our markets, demand for our future products, legislative, regulatory and competitive developments and general economic conditions. 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.

# Target the Gene, Silence the Disease



Therapeutic gene silencing with **RNA interference** is highly precise and efficient

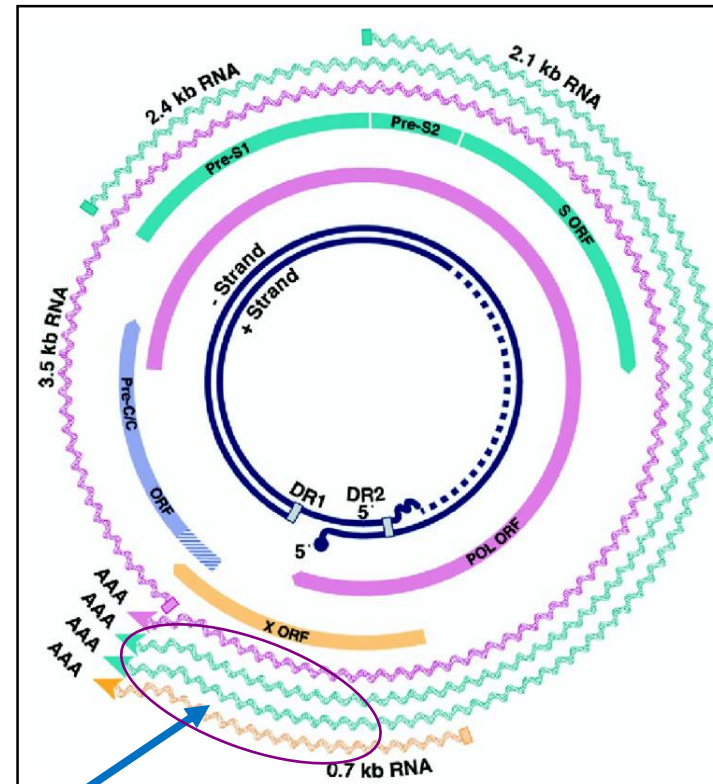
# Hepatitis B Virus Life Cycle



# All HBV RNA derived from cccDNA can be targeted with one siRNA

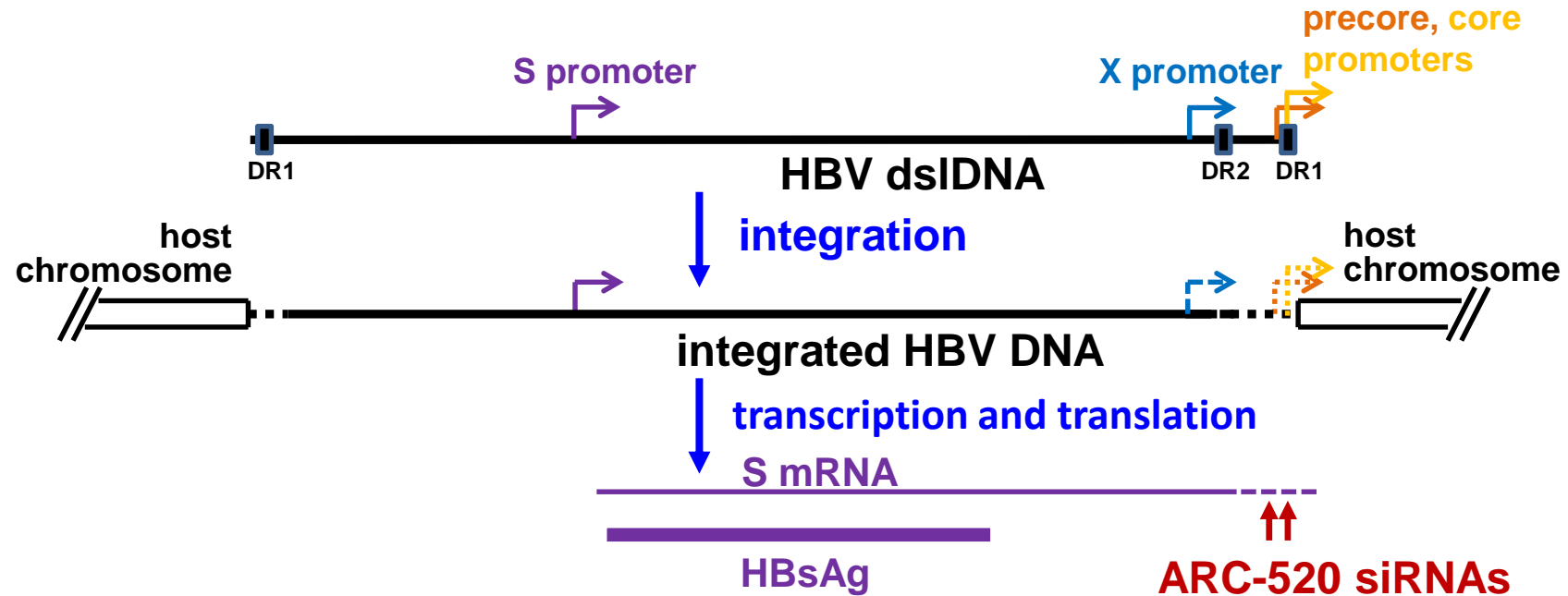
- All HBV transcripts, including pregenomic RNA, have common sequence and terminate with the same polyadenylation signal.

HBV Transcript Map



Single siRNA can reduce all HBV proteins

# HBV integration into the host genome



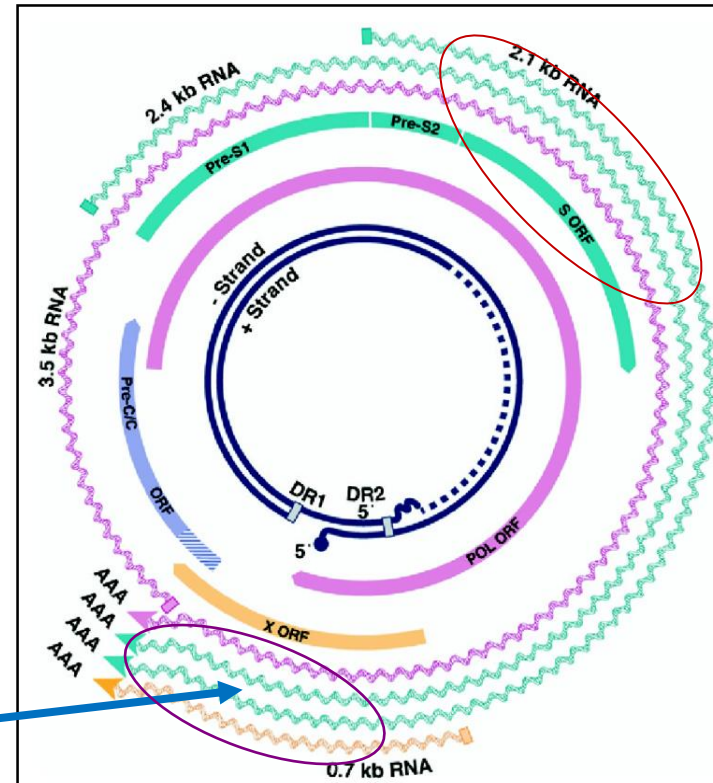
1. HBV DNA integrates into host chromosome, during which regions between DR2 and DR1 can be randomly deleted (not new!)
2. Significant HBsAg mRNA can be produced from integrated HBV DNA
  - These S transcripts contain complete HBsAg CDS
  - Expected loss of ARC-520 target sites in many

# Importance of Integrated DNA as mRNA Source has Changed RNAi Strategy

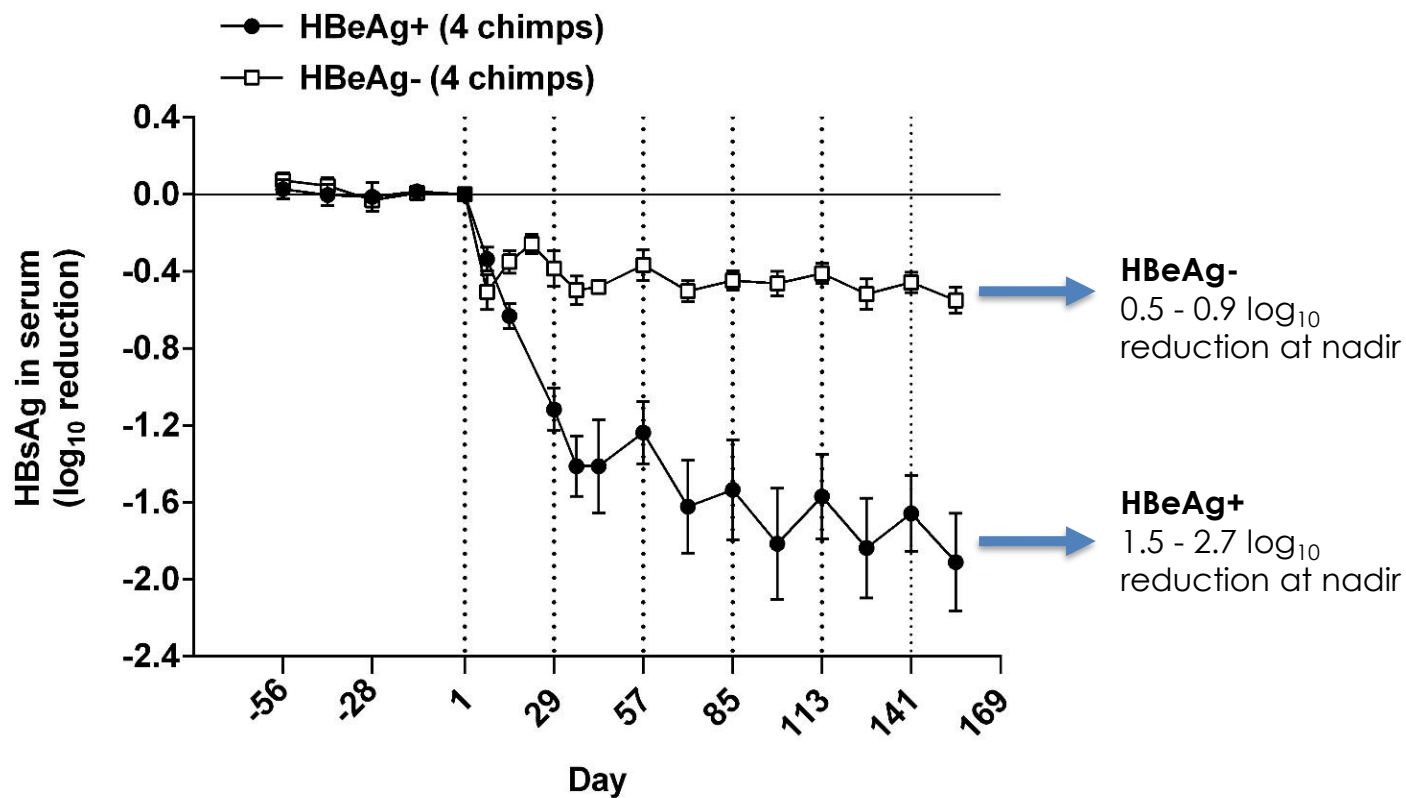
- All HBV transcripts, including pregenomic RNA, overlap and terminate with the same polyadenylation signal

**Single siRNA can reduce all mRNA from cccDNA but can miss integrated-derived mRNA**

HBV Transcript Map



# Differential HBsAg Reduction Observed in Chimpanzees (and Humans) with ARC-520



HBeAg positive responded better than HBeAg negative chimps  
The same observation was made for treatment-naïve humans

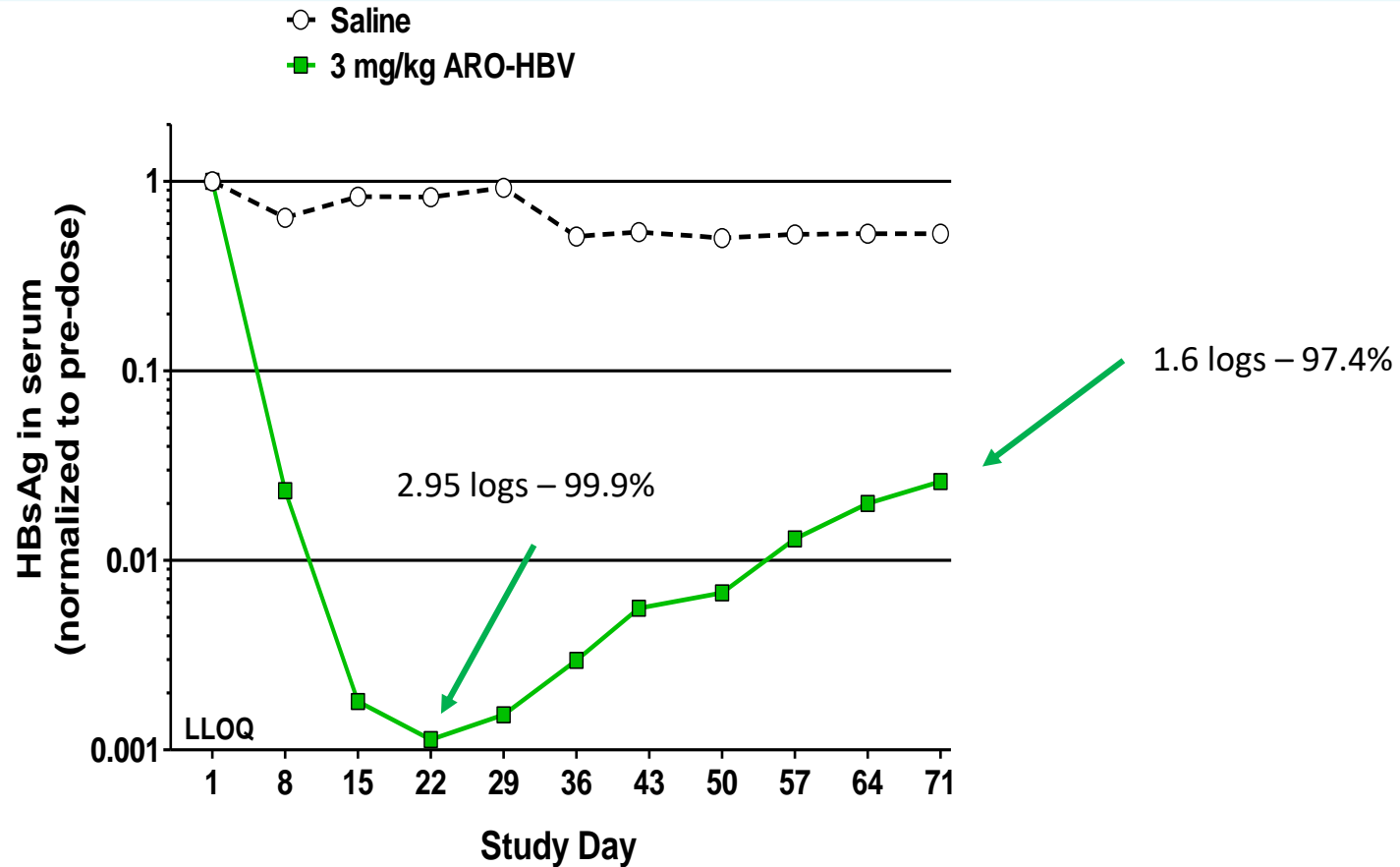


# ARO-HBV: Key Design Elements for the Next Generation

## The Wish List:

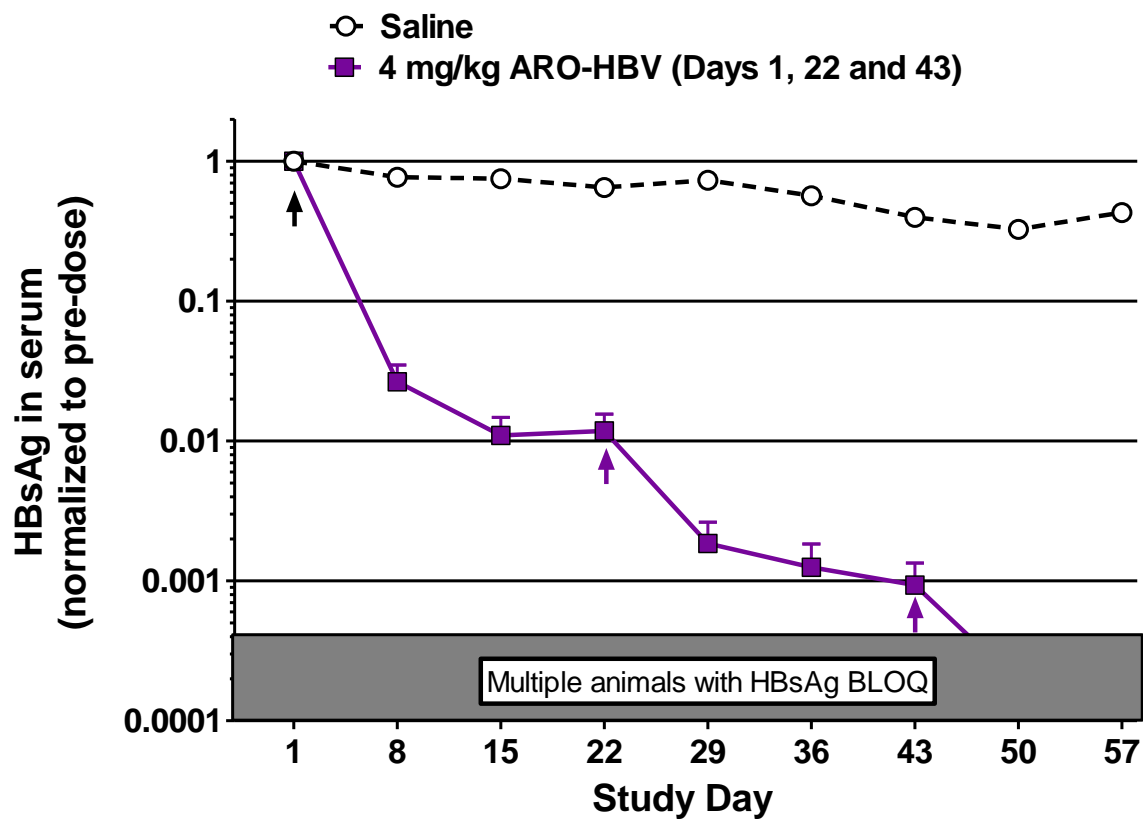
- Subcutaneous dosing, monthly or less frequent
- No need for active endosomal escape agent
- Addresses full HBV transcriptome
  - Works for cccDNA *and* integrated-derived transcripts
- Multiple triggers to avoid resistance development
- Powerful HBsAg reduction
- Expectation of wide therapeutic index
- Efficacy and safety in HBV patients

# We Modeled Integration in a New, Mutated pHBV Transfected Mouse



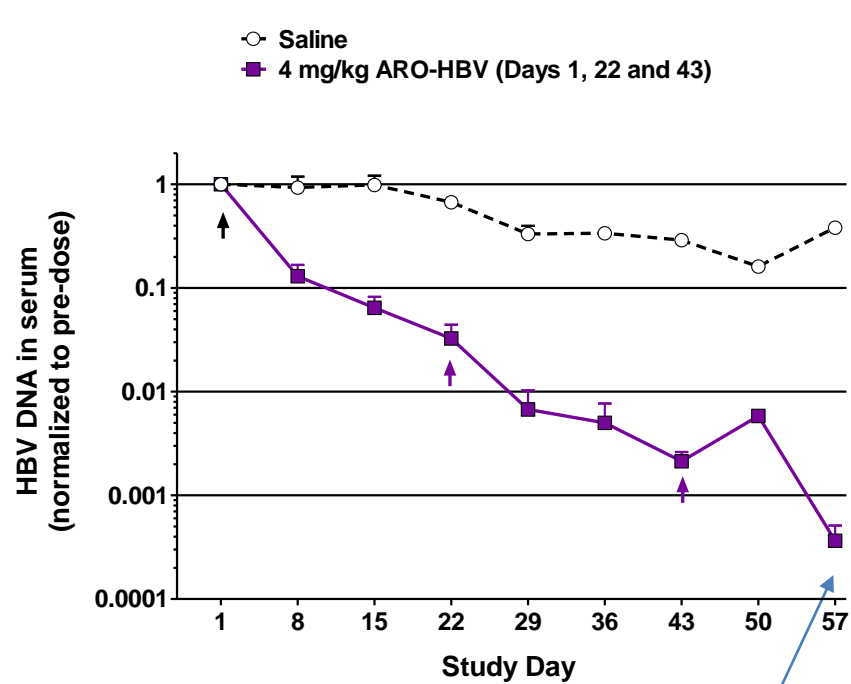
HBsAg knockdown is deep and prolonged despite loss of x trigger site

# Multiple dosing in intact pHBV mice reduces HBsAg below level of quantitation

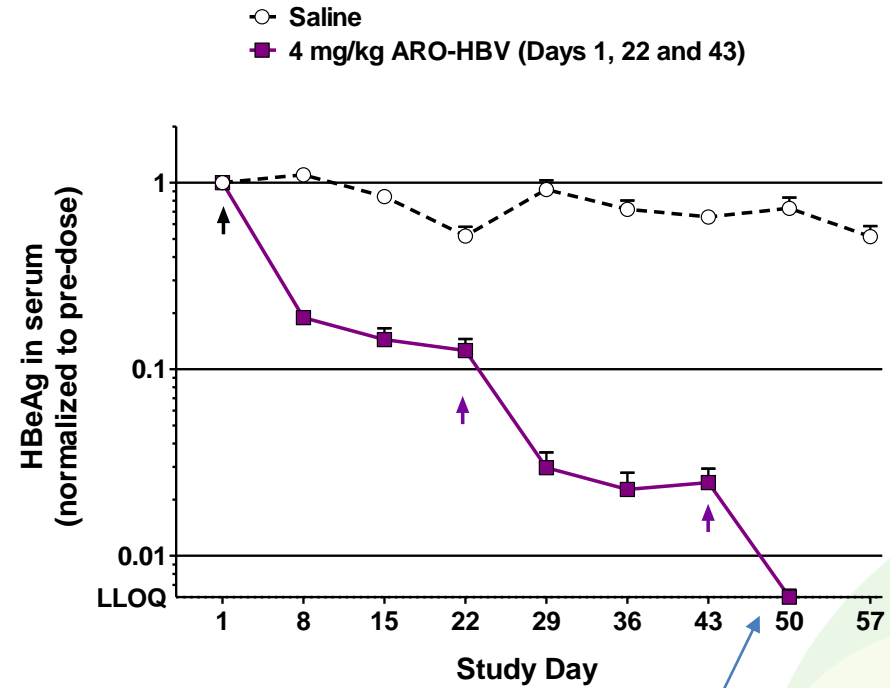


>3 log<sub>10</sub> reduction  
after 3 doses

# .....With deep knockdown also observed for HBeAg and HBV DNA



3.44 log<sub>10</sub> =  
>99.9% reduction



2.2 log<sub>10</sub> =  
99.4% reduction  
to LLOQ

# ARO-HBV: Key Design Elements for the Next Generation

## The Wish List:

- ✓ Subcutaneous dosing, monthly or less frequent
- ✓ No need for active endosomal escape agent
- ✓ Addresses full HBV transcriptome\*
  - ✓ Works for cccDNA *and* integrated-derived transcripts
- ✓ Multiple triggers to avoid resistance development
- ✓ Powerful HBsAg reduction
- ✓ Expectation of wide therapeutic index

Efficacy and safety in HBV patients (**pending**)

# Why We see a Central Role for RNAi in HBV

- Attacks the entire transcriptome
  - Should synergize with **most/all** hepatocyte-active compounds (e.g. NUCs, NAPs, capsid inhibitors, x protein drugs, Rig-I inhibitors, etc) by reducing their viral inputs
  - Can reduce HBsAg from integrated DNA, which they likely can't
- Monthly (or less frequent) SQ dosing with unusually good tolerability should fit well with oral regimens
- ARC-520 data shows examples of immune recovery and control in humans and chimps
  - Creates real excitement that future combination work can build on this