Arbutus Announces Decision to Discontinue Development of AB-506, an Oral Capsid Inhibitor for the Treatment of Chronic Hepatitis B

October 3, 2019

WARMINSTER, Pa., Oct. 03, 2019 (GLOBE NEWSWIRE) -- Arbutus Biopharma Corporation (Nasdaq: ABUS), a Hepatitis B Virus (HBV) therapeutic solutions company, today announced its decision to discontinue the clinical development of AB-506, an oral capsid inhibitor. AB-506 was in a Phase 1a/1b clinical trial for the treatment of chronic hepatitis B (CHB).

William H. Collier, President and Chief Executive Officer of Arbutus, stated, “We have observed two cases of acute hepatitis in our Phase 1a 28-day clinical trial in healthy volunteers. Consequently, the clinical trial and further development of AB-506 have been stopped.”

“The two subjects are experiencing resolution of their acute hepatitis. We will continue to follow them and the other study participants, as safety is our highest priority at Arbutus,” said Gaston Picchio, Ph.D. Chief Development Officer of Arbutus. “We intend to present results from the AB-506 Phase 1a/1b clinical trial along with further details regarding the two cases of acute hepatitis at an appropriate scientific meeting later in 2019.”

Michael J. Sofia, Ph.D., Chief Scientific Officer of Arbutus, added, “While we are disappointed in these recent clinical findings, we have a number of oral follow-on capsid inhibitor compounds with distinct chemical scaffolds that we believe have the potential to contribute to the inhibition of HBV replication as part of a combination regimen. Our objective is to select one of several lead compounds for IND-enabling studies by December of this year.”

As a result of the decision to discontinue further development of AB-506, Arbutus no longer expects to initiate a combination study of AB-506 and AB-729 in the second half of 2020.

About AB-506

AB-506 is an oral HBV capsid inhibitor. HBV core protein assembles into a capsid structure, which is required for viral replication. The current standard-of-care therapy for HBV, primarily nucleoside analogues that work by stopping the viral polymerase, significantly reduce virus replication, but not completely. Capsid inhibitors inhibit replication by preventing the assembly of functional viral capsids and also by inhibiting the uncoating step of the viral life cycle thus reducing the formation of new covalently closed circular DNA ("cccDNA"), the viral reservoir which resides in the cell nucleus.

About AB-729

AB-729 is a RNA interference (RNAi) therapeutic targeted to hepatocytes using Arbutus’ novel covalently conjugated N-acetylgalactosamine (GalNAc) delivery technology that enables subcutaneous delivery with expected monthly dosing. AB-729 inhibits viral replication and reduces all HBV antigens, including hepatitis B surface antigen (HBsAg) in preclinical models. Reducing HBsAg is thought to be a key prerequisite to enable reawakening of a patient’s immune system to respond to the virus.

About Arbutus

Arbutus Biopharma Corporation is a publicly traded (Nasdaq: ABUS) biopharmaceutical company dedicated to discovering, developing and commercializing a cure for patients suffering from chronic Hepatitis B infection. Arbutus is developing multiple drug candidates, each of which have the potential to improve upon the standard of care and contribute to a curative combination regimen. For more information, visit www.arbutusbio.com.

Forward-Looking Statements and Information

This press release contains forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and forward-looking information within the meaning of Canadian securities laws (collectively, “forward-looking statements”). Forward-looking statements in this press release include statements about our ability to deliver a cure for people with chronic HBV; our expectations regarding the timing and clinical development of our product candidates; our intention to present results from the AB-506 Phase 1a/1b clinical trial along with further details regarding the two cases of acute hepatitis at an appropriate scientific meeting; our confidence that capsid inhibition is important to achieve a potential cure for CHB; our belief that our oral follow on capsid inhibitor compounds have the potential to contribute to the inhibition of HBV replication as part of a combination regimen; our objective to select one of several lead capsid inhibitor compounds for IND-enabling studies by December of this year; and our expectation that we will no longer initiate a combination study of AB-506 and AB-729 in the second half of 2020.

With respect to the forward-looking statements contained in this press release, Arbutus has made numerous assumptions regarding, among other things: the effectiveness and timeliness of preclinical and clinical trials, and the usefulness of the data; the timeliness of regulatory approvals; the continued demand for Arbutus’ assets; and the stability of economic and market conditions. While Arbutus considers these assumptions to be reasonable, these assumptions are inherently subject to significant business, economic, competitive, market and social uncertainties and contingencies.

Additionally, there are known and unknown risk factors which could cause Arbutus' actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements contained herein. Known risk factors include, among others: delays in the selection of and the advancement of an additional capsid inhibitor compound into lead optimization, anticipated pre-clinical studies and clinical trials may be more costly or take longer to complete than anticipated, and may never be initiated or

completed, or may not generate results that warrant future development of the tested drug candidate; Arbutus may not receive the necessary regulatory approvals for the clinical development of Arbutus' products; economic and market conditions may worsen; and market shifts may require a change in strategic focus.

A more complete discussion of the risks and uncertainties facing Arbutus appears in Arbutus' Annual Report on Form 10-K, Arbutus' Quarterly Reports on Form 10-Q and Arbutus' continuous and periodic disclosure filings, which are available at www.sedar.com and at www.sec.gov. All forward-looking statements herein are qualified in their entirety by this cautionary statement, and Arbutus disclaims any obligation to revise or update any such forward-looking statements or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

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Source: Arbutus Biopharma Corporation