Investor Relations

Armata Pharmaceuticals Issues Letter to Shareholders

MARINA DEL REY, Calif., Oct. 31, 2019 /PRNewswire/ -- Armata Pharmaceuticals, Inc. (NYSE American: ARMP) ("Armata"), a clinical-stage biotechnology company focused on precisely targeted bacteriophage therapeutics for antibiotic-resistant infections, today issued the following letter to shareholders. The letter has been made available to all existing shareholders with the Proxy for the 2019 Armata Annual General Shareholders meeting to be held on December 10, 2019.

To my fellow shareholders:

It has been approximately six months since we completed the merger between C3J Therapeutics and AmpliPhi Biosciences, and I am pleased to report that the complementary capabilities and synergies that we envisioned when we brought these two companies together are being realized as anticipated. We have created what we believe to be a leader in the discovery and development of both natural and synthetic bacteriophage or "phage" therapeutics to combat multi-drug resistant bacterial infections. These infections have become a global public health crisis that is leading to increased morbidity and mortality while at the same time burdening healthcare systems with significant costs.

Bacteriophage are a type of naturally occurring virus that infect and kill bacteria. Unlike antibiotics, they are targeted to kill specific strains of bacteria. Although phage therapy was discovered in the early 1900's it has not been widely used in most Western societies, especially since the introduction of antibiotics. There has been renewed interest in phage-based therapies in recent years, however, given the increased incidence of bacteria that have evolved to resist most currently available antibiotics.

The successful Key Opinion Leader meeting that we held in June featured a presentation by Robert "Chip" Schooley, MD, Professor of Medicine and infectious disease physician at the University of California, San Diego (UCSD) School of Medicine, UCSD's Senior Director of International Initiatives, and Vice Chair of Academic Affairs in the Department of Medicine. Dr. Schooley has over 30 years of experience in the development of anti-infective therapies and has led the treatment of critically ill patients using bacteriophage therapeutics under FDA-allowed Emergency Investigational New Drug applications (EINDs). It was indeed powerful to hear first-hand the positive impact that phage-based therapeutics can have in a real-world clinical setting with patients that otherwise have limited remaining options. In addition to these patients with life-threatening multi-antibiotic resistant infections, we believe there are opportunities for phage to be used in prophylactic settings to prevent infectious diseases, and perhaps other illnesses. We believe we are in the right place at the right time.

We recently announced the development of a new phage candidate, AP-PA02, to treat *Pseudomonas aeruginosa*. This bacterial pathogen causes difficult-to-treat respiratory infections that are particularly problematic for cystic fibrosis patients given their already compromised immune system. *P. aeruginosa* is widely recognized by the U.S. Centers for Disease Control and other public health agencies as among the most dangerous pathogens in terms of growing antibiotic resistance. AP-PA02 is uniquely comprised of a mixture of multiple complementary bacteriophages that provide improved host range, increased potency and superior resistance prevention. AP-PA02 is just one example of the novel candidates to emerge from Armata's robust research and development capabilities, and significantly improved upon our original *P. aeruginosa* phage product candidate, AP-PA01. AP-PA01 has been tested under an EIND with some promising results.

To identify AP-PA02, we screened hundreds of *P. aeruginosa* clinical isolates against our extensive phage library utilizing proprietary methods that identify optimal phage combinations with superior attributes. The phage product discovery platform together with our world-class phage specific GMP manufacturing facilities uniquely enable Armata to efficiently identify new therapeutic candidates. We continue to advance preclinical studies of AP-PA02 with the goal of accelerating regulatory filings and commencing human clinical trials shortly thereafter. The predecessor product to AP-PA02, AP-PA01, was recently featured in the highly regarded and peer reviewed journal Infection after being used to successfully treat a cystic fibrosis patient who had developed a multi-drug resistant bacterial infection. Based on this case study and the compelling results seen to date in preclinical studies of the improved product, we have elevated AP-PA02 to our highest priority program. We plan to initiate clinical studies in cystic fibrosis patients and obtain clinical data from our first-in-human study in 2020. We intend to also optimize a Pseudomonas phage product candidate for the treatment of bacterial pneumonia utilizing a core set of phages derived from AP-PA02, with the goal of regulatory filing and clinical entry in 2020.

Using the same proprietary techniques that we employed to improve upon AP-PA01, we have developed an improved candidate for *Staphylococcus aureus*, AP-SA02. Improved patient outcomes are needed for staphylococcal infections, particularly those caused by methicillin-resistant *S. aureus*, in settings such as bacteremia, endocarditis and prosthetic joint infections, and we believe AP-SA02 could have a meaningful impact in these indications. Given our priorities to devote internal resources to the Pseudomonas respiratory

indications mentioned above, clinical trials in *S. aureus* indications outside of respiratory infections will not proceed until we secure third party funding. Having bacteriophage products for *S. aureus* and *P. aeruginosa* would enable us to address the two most common pathogens causing hospitalized pneumonia, therefore we plan to move AP-SA02 into respiratory clinical trials with insight gained from the Pseudomonas pneumonia studies.

In parallel with these development activities, we continue to screen additional pathogens against our phage library as we work to further expand our pipeline. Our collaboration with Merck is progressing and reflects big pharma's growing interest in phage therapy. We believe that as we identify new phage product candidates and start to receive data read outs from our clinical trials, new partnering opportunities will emerge and we would expect the market value of Armata to increase as a result.

In closing, I would like to thank the entire Armata team who have worked tirelessly to get us to this point, and you, our shareholders, for your continued support. We are just getting started, and I am excited about what the future holds for Armata. In next year alone, we believe we have multiple opportunities for value creation for our shareholders, while developing novel therapeutics that can potentially save lives. I look forward to keeping you apprised of our ongoing progress.

Sincerely,

Todd R. Patrick
Chief Executive Officer

About Armata Pharmaceuticals, Inc.

Armata is a clinical-stage biotechnology company focused on the development of precisely targeted bacteriophage therapeutics for the treatment of antibiotic-resistant infections using its proprietary bacteriophage-based technology. Armata is developing and advancing a broad pipeline of natural and synthetic phage candidates, including clinical candidates for *Pseudomonas aeruginosa*, *Staphylococcus aureus*, and other pathogens. In addition, in collaboration with Merck, known as MSD outside of the United States and Canada, Armata is developing proprietary synthetic phage candidates to target an undisclosed infectious disease agent. Armata is committed to advancing phage with drug development expertise that spans bench to clinic including in-house phage specific GMP manufacturing.

As of October 11, 2019, Armata had approximately 142 shareholders of record.

Forward Looking Statements

This communication contains "forward-looking" statements, including, without limitation, statements related to successfully integrate the operations of AmpliPhi Biosciences Corporation ("AmpliPhi") and C3J Therapeutics ("C3J") and achieve the potential benefits of the merger; Armata's ability to meet expected milestones, expand its pipeline, and pursue additional potential partnerships, Armata's ability to be a leader in the development of phage-based therapeutics, and statements related to clinical trials, including the clinical trials of AP-SA01, AP-SA02 and AP-PA02 and the outcomes of any trials undertaken by Armata, Armata's ability to successfully develop new products based on bacteriophages and synthetic phages to kill bacterial pathogens and treat alternative infections, the timing and outcome of expected pre-IND meetings and IND filings, Armata's ability to expand testing of isolates from around the world and the results of those tests, the benefits of Armata's collaboration with Merck, Armata's ability to sufficiently fund its operations as expected, including obtaining additional funding as needed, and expectations for performance of Armata's therapeutic candidates based on our recent nonclinical work.

Any statements contained in this communication that are not statements of historical fact may be deemed to be forward-looking statements. These forward-looking statements are based upon Armata's current expectations. Forward-looking statements involve risks and uncertainties. Armata's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to Armata's lead clinical candidates, AP-PA02 and AP-SA02, to be more effective than previous candidates; Armata's ability to expedite development of AP-PA02; Armata's ability to file an IND with the FDA for AP-PA02 during the fourth quarter of 2019; Armata's ability to successfully integrate the operations of AmpliPhi and C3J and achieve the potential benefits of the merger; Armata's ability to advance its preclinical and clinical programs and the uncertain and time-consuming regulatory approval process; Armata's ability to develop products based on bacteriophages and synthetic phages to kill bacterial pathogens; Armata's expected market opportunity for its products; and Armata's ability to sufficiently fund its operations as expected, including obtaining additional funding as needed.

Additional risks and uncertainties relating to Armata and its business can be found under the caption "Risk Factors" and elsewhere in Armata's filings and reports with the U.S. Securities and Exchange Commission

("SEC"), including in Armata's Annual Report on Form 10-K, filed with the SEC on March 25, 2019, Armata's Definitive Merger Proxy Statement on Schedule 14A, filed with the SEC on April 4, 2019, as amended, Armata's Definitive Proxy Statement on Schedule 14A, filed with the SEC on October 22, 2019, Armata's Quarterly Reports on Form 10-Q filed with the SEC on May 6, 2019 and August 14, 2019, and Armata's subsequent filings with the SEC. Armata expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Armata's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

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