Investor Relations

Armata Pharmaceuticals Issues Letter to Shareholders

MARINA DEL REY, Calif., Oct. 29, 2020 /PRNewswire/ -- Armata Pharmaceuticals, Inc. (NYSE American: ARMP) ("Armata"), a clinical-stage biotechnology company focused on precisely targeted bacteriophage therapeutics for antibiotic-resistant and difficult-to-treat bacterial infections, today issued the following letter to shareholders. The letter has been made available to all existing shareholders with the Proxy for the 2020 Armata Annual General Shareholders meeting to be held on December 8, 2020.

To my fellow shareholders:

I am pleased to report that we have made significant progress over the past twelve months developing novel phage-based therapeutics to treat increasingly drug-resistant bacterial infections; however, our most significant achievement is perhaps our most recent. We received word from the U.S. Food and Drug Administration that our Investigational New Drug (IND) application has been cleared, paving the way for us to initiate a Phase 1b/2a clinical trial of our lead candidate, AP-PA02, in *Pseudomonas aeruginosa* infections without delay. Notwithstanding the challenges posed by the ongoing COVID-19 pandemic, we remain on track to initiate this trial by the end of the year, delivering on a key milestone and consistent with our original timeline.

Recall that the pathogen *Pseudomonas aeruginosa* can cause serious lower airway infections that are particularly problematic for cystic fibrosis (CF) patients given their already weakened immune systems. Recognizing the urgent need for new and more effective treatment options, we announced in March that we had been selected for a development award of up to $5 million from the Cystic Fibrosis Foundation to help fund this study. We also gained access to the Cystic Fibrosis Therapeutics Development Network (TDN), the largest CF clinical trials network in the world. The TDN brings together experts from across the country to evaluate the safety and effectiveness of new CF therapies through clinical studies. The network's assistance will be invaluable as we commence screening and enrollment of patients. If successful, we see opportunity to explore the utility of this same (or similar) candidate in another indication. We are examining pneumonia, both hospital-acquired pneumonia (HAP) and ventilator-associated pneumonia (VAP), non-CF bronchiectasis, and other respiratory indications.

With the IND now cleared, we have elected to name this trial "Swarm-*P.a.*" Research has demonstrated that named trials are cited in publications at twice the rate of unnamed trials, and they are four times as likely to be funded. In addition, according to a 2006 paper in the *New England Journal of Medicine*, named trials enroll five times as many subjects as their unnamed counterparts. A swarm is a powerful and overwhelming attack, reflecting the manner in which phage can engage with dangerous pathogens. We are optimistic that this will be confirmed by the results of this important study.

Turning to our second clinical candidate, we are developing AP-SA02 for the treatment of *Staphylococcus aureus* bacteremia. Recall that our goal was to secure non-dilutive third-party funding to help support clinical development of AP-SA02, and we were successful in doing so. In June, we announced that we received a $15 million award for a three-year program from the U.S. Department of Defense through the Medical Technology Enterprise Consortium (MTEC) with funding from the Defense Health Agency and Joint Warfighter Medical Research Program. The award will be used to partially fund a Phase 1b/2, randomized, double-blind, placebo-controlled, dose escalation clinical trial of AP-SA02, which we plan to initiate in 2021. With this award, we have line-of-sight to developing two therapeutic candidates in near-term clinical trials for two distinct indications, with more to come from our proprietary "bench to clinic" phage discovery capabilities.

To support the advancement of AP-PA02 and AP-SA02 into the clinic, we added significant depth to our clinical team. This week, we named Mina Pastagia, M.D. as Vice President of Clinical Development. Dr. Pastagia comes to Armata from Janssen Biopharma, a member of the Janssen Pharmaceutical Companies of Johnson & Johnson, where she worked on a number of respiratory clinical programs, including phage-based development efforts. Her appointment adds a wealth of drug development experience and will enable Armata to execute efficient yet rigorously designed clinical trials.

We are well financed to continue to achieve our corporate goals. In January, we entered into a $25 million securities purchase agreement with Innoviva, Inc. pursuant to which Innoviva would purchase, upon satisfaction of certain closing conditions, approximately $25 million in Armata common stock and warrant securities. We successfully completed this financing in two tranches during the first quarter and welcomed Innoviva representatives Sarah Schlesinger, M.D. and Odysseas Kostas, M.D. to our Board of Directors. We ended the third quarter with cash and cash equivalents of approximately $15.9 million.

In a typical year, Armata, like many small biotechnology companies, faces a variety of challenges as we seek to innovate in drug development. In 2020, Armata's employees stepped up to achieve important milestones even

in the face of the coronavirus pandemic. Our team worked tirelessly to ensure we could continue with our essential R&D activities. We reconfigured our laboratories and changed our work patterns to safeguard our employees with appropriate physical distancing. We set up sanitizing stations, added protective barriers in certain areas, and conducted many team meetings virtually. Even the ability to have lunch in our small multi-purpose room had to be carefully managed. Whether in research/ discovery, GMP production, clinical/regulatory development or administration, every single one of our employees made amazing sacrifices to help Armata achieve its goals. I could not be prouder of this team. There can be no doubt that our employees are deeply committed to changing the practice of healthcare and we firmly believe our bacteriophage platform has the potential to save lives.

As we close on this difficult year, we do so with great optimism for our future. I would like to thank our shareholders for supporting our efforts and sharing in our lofty goals.

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 and difficult-to-treat bacterial 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.

Forward Looking Statements

This communication contains "forward-looking" statements, including, without limitation, statements related to Armata's ability to meet expected milestones, expand its pipeline, and pursue additional potential partnerships, the expected use of proceeds from the $15 million grant, the expected impact of the COVID-19 pandemic on the Company's operations, Armata's ability to be a leader in the development of phage-based therapeutics, and statements related to the timing and results of clinical trials, including the anticipated initiation of clinical trials of AP-PA02 and AP-SA02, Armata's ability to develop new products based on bacteriophages and synthetic phages, Armata's expectations for performance of Armata's therapeutic candidates based on Armata's recent nonclinical work, and Armata's ability to continue to screen pathogens against Armata's proprietary phage library to identify additional high-quality bacteriophage product candidates and expand the pipeline. 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 the ability of 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 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; the Company's expected market opportunity for its products; Armata's ability to sufficiently fund its operations as expected, including obtaining additional funding as needed; and any delays or adverse events within, or outside of, Armata's control, caused by the recent outbreak of COVID-19. 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 SEC, including in Armata's Annual Report on Form 10-K, filed with the SEC on March 19, 2020, and in its 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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