Investor Relations

Armata Pharmaceuticals Announces Third Quarter 2020 Results and Provides General Corporate Update

MARINA DEL REY, Calif., Nov. 12, 2020 /PRNewswire/ -- Armata Pharmaceuticals, Inc. (NYSE American: ARMP) ("Armata" or the "Company"), a clinical-stage biotechnology company focused on precisely targeted bacteriophage therapeutics for antibiotic-resistant and difficult-to-treat bacterial infections, today announced results for the third quarter of 2020 and provided a corporate and clinical update.

Subsequent to the end of the third quarter, Armata announced FDA clearance of its Investigational New Drug (IND) application to initiate a clinical trial of its lead clinical candidate, AP-PA02, in *Pseudomonas aeruginosa* infections.

"With FDA clearance of our IND, we are moving quickly to initiate a Phase 1b/2a clinical trial of AP-PA02 in cystic fibrosis patients suffering from *Pseudomonas aeruginosa* infections, known as the SWARM-*P.a.* study, and we remain on track to do so by the end of this year," stated Todd R. Patrick, Chief Executive Officer of Armata. "We are also rapidly advancing our second clinical candidate, AP-SA02, for difficult-to-treat *Staphylococcus aureus* infections. With our growing clinical-stage pipeline, we recently strengthened our team with the addition of Dr. Mina Pastagia as Vice President of Clinical Development."

"Multi-drug resistant bacterial infections are a serious and growing public health threat, and with two strong therapeutic candidates and a robust team that will drive clinical development, we believe we are well positioned to be a leader in the innovative field of phage therapy which is poised to transform antimicrobial intervention. Further, we are pleased with our current financial position. We ended the quarter with approximately $16 million in cash and, to date, we have only drawn on $1.3 million of the $20 million in non-dilutive contract awards we received earlier this year," Mr. Patrick concluded.

Anticipated 2020 and 2021 Milestones:

- Barring worsening of COVID-19 conditions, the Company expects to initiate the single ascending dose (SAD) cohort of the SWARM-*P.a.* Phase 1b/2a clinical trial evaluating AP-PA02 as a potential treatment for *Pseudomonas aeruginosa* infections by the end of 2020. Armata is receiving financial ($5 million in total funding) and clinical assistance for this trial from the Cystic Fibrosis Foundation (CFF) and the Cystic Fibrosis Therapeutics Development Network (TDN).
- Initiate multiple ascending dose (MAD) cohort of Swarm-*P.a.* trial in 2021.
- Initiate a Phase 1b/2 clinical trial evaluating AP-SA02 as a potential treatment for *Staphylococcus aureus* bacteremia in 2021, with funding assistance ($15 million in total funding) from U.S. Department of Defense through the Medical Technology Enterprise Consortium (MTEC).
- Continue to screen pathogens against the Company's proprietary phage library to identify additional high-quality bacteriophage product candidates that target other major pathogens of infectious disease.

Third Quarter Financial Results

Grant Revenue. The company recognized grant revenues of $0.3 million for the three months ended September 30, 2020, which represents MTEC's share of the costs incurred for the Company's AP-SA02 program for the treatment of *Staphylococcus aureus* bacteremia.

Research and Development. Research and development expenses for the three months ended September 30, 2020 were approximately $4.1 million as compared to $3.0 million for the comparable period in 2019 and increased primarily related to the increase in clinical trial and personnel related expenses.

General and Administrative. General and administrative expenses for the three months ended September 30, 2020 were $1.8 million as compared to $3.8 million for the comparable period in 2019. The decrease related primarily to the absence of a non-cash stock-based compensation charge in the 2020 period and for a reduction in professional fees.

Loss from Operations. Loss from operations for the three months ended September 30, 2020 was $5.6 million as compared to $6.8 million for the comparable period in 2019.

Cash and Equivalents. As of September 30, 2020, Armata held $15.9 million of unrestricted cash and cash equivalents, as compared to $6.0 million as of December 31, 2019. Management believes the Company's existing resources will be sufficient to fund planned operations through at least the first half of 2021.

As of November 12, 2020, there were approximately 18.7 million shares of common stock outstanding.

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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Armata Pharmaceuticals, Inc.
Condensed Consolidated Balance Sheets

	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 15,885,000	$ 6,033,000

Awards receivable	335,000	94,000
Prepaids and other current assets	804,000	528,000
Total current assets	17,024,000	6,655,000
Property and equipment, net	12,819,000	4,214,000
Other long term assets	2,086,000	836,000
Intangible assets, net	13,746,000	13,746,000
Total assets	$ 45,675,000	$ 25,451,000
Liabilities and stockholders' equity		
Total current liabilities	$ 7,070,000	$ 4,879,000
Long term liabilities	10,909,000	2,902,000
Deferred tax liability	3,077,000	3,077,000
Total liabilities	21,056,000	10,858,000
Stockholders' equity	24,619,000	14,593,000
Total liabilities and stockholders' equity	$ 45,675,000	$ 25,451,000

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	2020	**2019**	**2020**	**2019**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Grant Revenue	$ 288,000	$ -	$ 319,000	$ -
Operating expenses:				
Research and development	4,066,000	3,019,000	9,464,000	8,156,000
General and administrative	1,845,000	3,758,000	5,989,000	7,220,000
Total operating expenses	5,911,000	6,777,000	15,453,000	15,376,000
Loss from operations	(5,623,000)	(6,777,000)	(15,134,000)	(15,376,000)
Other income (expense):				
Change in fair value of derivative liabilities	-	-	-	1,117,000
Other income (expense), net	(146,000)	(178,000)	(423,000)	(634,000)
Total other income (expense), net	(146,000)	(178,000)	(423,000)	483,000
Loss before income taxes and Net Loss	$ (5,769,000)	$ (6,955,000)	$ (15,557,000)	$ (14,893,000)
Net loss per share, basic	$ (0.31)	$ (0.73)	$ (0.99)	$ (2.05)
Weighted average shares outstanding, basic	18,394,614	9,552,688	15,740,858	7,254,803
Net loss per share, diluted	$ (0.31)	$ (0.73)	$ (0.99)	$ (2.11)
Weighted average shares outstanding, diluted	18,394,614	9,522,688	15,740,858	7,497,194

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statements of Cash Flows

	Nine Months Ended Sept 30,	
	2020	**2019**
Operating activities:		
Net loss	$ (15,557,000)	$ (14,893,000)
Adjustments required to reconcile net loss to net cash used in operating activities:		

Change in fair value of derivative liabilities	-	(1,117,000)
Stock-based compensation	2,613,000	3,224,000
Depreciation	840,000	1,049,000
Non-cash interest expense	457,000	717,000
Changes in operating assets and liabilities, net	(321,000)	(1,833,000)
Net cash used in operating activities	(11,968,000)	(12,853,000)
Investing activities:		
Purchases of property and equipment, net	(458,000)	(203,000)
Cash acquired in reverse merger transaction	-	3,008,000
Net cash used in investing activities	(458,000)	2,805,000
Financing activities:		
Payment of deferred consideration for asset acquisition	(1,000,000)	(1,000,000)
Proceeds from sale of common stock, net of offering costs	22,893,000	9,975,000
Proceeds from exercise of warrants and stock options	168,000	-
Proceeds from PPP Loan	717,000	-
Net cash provided by (used in) financing activities	22,778,000	8,975,000
Net increase (decrease) in cash and cash equivalents	10,352,000	(1,073,000)
Cash, cash equivalents and restricted cash, beginning of period	6,733,000	10,463,000
Cash, cash equivalents and restricted cash, end of period	$ 17,085,000	$ 9,390,000

Reconciliation of Cash and cash equivalents:	Nine Months Ended Sept 30,	
	2020	**2019**
Cash and cash equivalents	$ 15,885,000	$ 8,690,000
Restricted cash	1,200,000	700,000
Cash, cash equivalents and restricted cash	$ 17,085,000	$ 9,390,000

SOURCE Armata Pharmaceuticals, Inc.

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https://investor.armatapharma.com/2020-11-12-Armata-Pharmaceuticals-Announces-Third-Quarter-2020-Results-and-Provides-General-Corporate-Update