Investor Relations

Armata Pharmaceuticals Announces Third Quarter Results and Provides General Corporate Update

Recent equity investment by Cystic Fibrosis Foundation positions Armata to advance pipeline and enhance operational capabilities

Continues to advance AP-PA02 through Phase 1b/2a clinical trial as a potential treatment for cystic fibrosis patients with chronic Pseudomonas aeruginosa infections

Executes long-term lease for a new, larger facility that enables Armata to substantially increase manufacturing scale and capacity to advance its pipeline

MARINA DEL REY, Calif., Nov. 10, 2021 /PRNewswire/ -- Armata Pharmaceuticals, Inc. (NYSE American: ARMP) ("Armata" or the "Company"), a biotechnology company focused on pathogen-specific bacteriophage therapeutics for antibiotic-resistant and difficult-to-treat bacterial infections, today announced financial results for its third quarter of 2021 and provided a corporate update.

Third Quarter 2021 and Recent Developments:

- Announced appointment of the Company's former President and Chief Development Officer, Brian Varnum, PhD, as its new Chief Executive Officer, replacing Todd C. Patrick, who retired from the Company.
- Announced that the Cystic Fibrosis Foundation ("CFF") has made a $3.0 million equity investment in Armata. This investment follows CFF's earlier grant of the Therapeutics Development Award to Armata in March 2020, funding up to $5 million. Innoviva, a significant Armata shareholder, also participated in the financing.
- Signed a long-term lease on a new 56,300-square-foot research and development and GMP manufacturing facility in Los Angeles.
- Continued to advance the SWARM-*P.a*. Phase 1b/2a clinical trial of its lead clinical candidate, AP-PA02, as a treatment for chronic *Pseudomonas aeruginosa* airway infections in people with cystic fibrosis.
- Progressed IND-enabling activities in preparation for a Phase 1b/2 clinical trial evaluating AP-SA02 as a potential treatment for *Staphylococcus aureus* bacteremia.

"As we advance our lead phage product, AP-PA02, through a Phase 1b/2a clinical trial for chronic *Pseudomonas* airway infections in cystic fibrosis patients, we are pleased to welcome the Cystic Fibrosis Foundation as a shareholder," stated Dr. Varnum, Chief Executive Officer of Armata. "This recent financing positions us to further advance our pipeline and enhance our operational capabilities."

"During the third quarter, we continued to advance AP-SA02 through IND-enabling activities, supported by a $15 million award from the U.S. Department of Defense that we announced in June 2020.

"Finally, we recently executed a long-term lease on a new, larger R&D facility that offers expanded manufacturing capacity to support future pivotal studies and potential commercial launches and reflects our commitment to the development of novel therapeutics to treat antibiotic-resistant and difficult-to-treat bacterial infections."

Anticipated 2021 and 2022 Milestones:

- Complete the SWARM-*P.a.* Phase 1b/2a clinical trial
- Initiate a Phase 1b/2 clinical trial evaluating AP-SA02 as a potential treatment for *Staphylococcus aureus* bacteremia
- Initiate at least one additional clinical trial in a new indication

Third Quarter 2021 Financial Results

Grant Revenue. The Company recognized grant revenue of approximately $1.3 million for the three months ended September 30, 2021, which represents Medical Technology Enterprise Consortium ("MTEC")'s share of the costs incurred for the Company's AP-SA02 program for the treatment of *Staphylococcus aureus* bacteremia. The Company expects to receive $15.0 million in grant funding from MTEC over a three-year period administered by the U.S. Department of Defense and the Defense Health Agency and Joint Warfighter Medical Research Program. The Company recognized approximately $0.3 million of revenue in the comparable period in 2020.

Research and Development. Research and development expenses for the three months ended September 30, 2021, were approximately $5.6 million as compared to approximately $4.1 million for the comparable period in 2020. The increase was 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, 2021, were approximately $1.8 million as compared to approximately $1.9 million for the comparable period in 2020.

Loss from Operations. Loss from operations for the three months ended September 30, 2021, was $(6.1) million as compared to a loss from operations of approximately $(5.6) million for the comparable period in 2020.

Cash and Equivalents. As of September 30, 2021, Armata held approximately $12.1 million of unrestricted cash and cash equivalents, as compared to approximately $9.7 million as of December 31, 2020.

As of November 10, 2021, there were approximately 27.1 million shares of common stock outstanding.

About Armata Pharmaceuticals, Inc.

Armata is a clinical-stage biotechnology company focused on the development of pathogen-specific 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 bacteriophage development programs, Armata's ability to set up or operate R&D and manufacturing facilities, Armata's ability to meet expected milestones, 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 results of clinical trials of AP-PA02 and AP-SA02, and Armata's ability to develop new products based on bacteriophages and synthetic phages. 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 ongoing COVID-19 pandemic. 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 18, 2021, 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.

Media Contacts:

At Armata:
Steve Martin
Armata Pharmaceuticals, Inc.
ir@armatapharma.com
858-800-2492

Investor Relations:
Joyce Allaire
LifeSci Advisors, LLC
jallaire@lifesciadvisors.com
212-915-2569

Armata Pharmaceuticals, Inc.

Condensed Consolidated Balance Sheets

	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	$ 12,076,000	$ 9,649,000
Award receivable	1,251,000	561,000
Prepaids and other current assets	851,000	636,000
Total current assets	14,178,000	10,846,000
Property and equipment, net	12,638,000	12,837,000
Other long term assets	2,109,000	2,087,000
Intangible assets, net	13,746,000	13,746,000
Total assets	$ 42,671,000	$ 39,516,000
Liabilities and stockholders' equity		
Total current liabilities	$ 5,254,000	$ 6,705,000
Long term liabilities	10,585,000	10,877,000
Deferred tax liability	3,077,000	3,077,000
Total liabilities	18,916,000	20,659,000
Stockholders' equity	23,755,000	18,857,000
Total liabilities and stockholders' equity	$ 42,671,000	$ 39,516,000

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	$ 1,251,000	$ 288,000	$ 3,485,000	$ 319,000
Operating expenses:				
Research and development	5,626,000	4,066,000	15,201,000	9,464,000
General and administrative	1,768,000	1,845,000	6,058,000	5,989,000
Total operating expenses	7,394,000	5,911,000	21,259,000	15,453,000
Loss from operations	(6,143,000)	(5,623,000)	(17,774,000)	(15,134,000)
Other income (expense):				
Gain on Extinguishment of Paycheck Protection Program loan	726,000	-	726,000	-
Other income (expense), net	(2,000)	(146,000)	(60,000)	(423,000)
Total other income (expense), net	724,000	(146,000)	666,000	(423,000)
Loss before income taxes and Net Loss	$ (5,419,000)	$ (5,769,000)	(17,108,000)	$ (15,557,000)
Net loss per share, basic and diluted	$ (0.22)	$ (0.31)	$ (0.73)	$ (0.99)
Weighted average shares outstanding, basic and diluted	24,820,233	18,394,614	23,363,113	15,740,858

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statement of Cash Flows

	Nine Months Ended September 30,	
	2021	2020
Operating activities:		
Net loss	$ (17,108,000)	$ (15,557,000)
Adjustments required to reconcile net loss to net cash used in operating		

activities:		
Stock-based compensation	2,218,000	2,613,000
Depreciation	892,000	840,000
Gain upon extinguishment of Paycheck Protection Program loan	(722,000)	
Non-cash interest expense	60,000	457,000
Payment of accreted interest for deferred consideration for asset acquisition	(586,000)	-
Changes in operating assets and liabilities, net	269,000	(321,000)
Net cash used in operating activities	(14,977,000)	(11,968,000)
Investing activities:		
Purchases of property and equipment, net	(1,076,000)	(458,000)
Net cash used in investing activities	(1,076,000)	(458,000)
Financing activities:		
Principal payment of deferred consideration for asset acquisition	(1,414,000)	(1,000,000)
Proceeds from Paycheck Protection Program Loan	-	717,000
Proceeds from warrant and option exercises	531,000	168,000
Proceeds from private placement financing, net	19,363,000	22,893,000
Net cash provided by (used in) financing activities	18,480,000	22,778,000
Net increase (decrease) in cash and cash equivalents	2,427,000	10,352,000
Cash, cash equivalents and restricted cash, beginning of period	10,849,000	6,733,000
Cash, cash equivalents and restricted cash, end of period	$ 13,276,000	$ 17,085,000

Reconciliation of Cash and cash equivalents:	**Nine Months Ended September 30,**	
	2021	**2020**
Cash and cash equivalents	$ 12,076,000	$ 15,885,000
Restricted cash	1,200,000	1,200,000
Cash, cash equivalents and restricted cash	$ 13,276,000	$ 17,085,000

SOURCE Armata Pharmaceuticals, Inc.
