

Armata Pharmaceuticals Announces Fourth Quarter and Full Year 2021 Results and Provides Corporate Update

MARINA DEL REY, Calif., March 17, 2022 [/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 fourth quarter and full year 2021 and provided a corporate update.

Fourth Quarter 2021 and Recent Developments:

- Entered into a \$45 million equity financing with a subsidiary of Innoviva, Inc., Armata's largest shareholder.
- Optimized AP-PA02 through the addition of two additional phage genera that provide coverage of at least 90% of tested *Pseudomonas aeruginosa* cystic fibrosis clinical isolates; the enhanced cocktail has advanced into the multiple ascending dose cohorts of the SWARM-*P.a.* study.
- Announced clearance of an investigational new drug (IND) application to initiate a Phase 2 clinical trial of AP-PA02 in non-cystic fibrosis bronchiectasis (NCFB). Upon initiation in 2022, the trial will represent the company's third clinical program in a distinct indication.
- Announced that AP-PA03, which is being developed as a potential treatment for pneumonia, has advanced to manufacturing.
- Initiated Phase 1b/2 clinical trial (diSArm study) evaluating AP-SA02 as a potential treatment for *Staphylococcus aureus* bacteremia.
- Achieved \$2 million milestone under Cystic Fibrosis Foundation Therapeutics Development Award related to the Phase 1b/2a SWARM-*P.a.* clinical trial. This milestone brings the total to \$3,750,000 achieved under the Award. In addition, in October, the CF Foundation made a \$3 million equity investment in Armata.
- Entered into a lease for a 56,000 square foot facility and are building out state-of-the-art R&D labs and GMP manufacturing clean suites.

"During the fourth quarter and early part of 2022, we made significant progress in our existing clinical programs in *P. aeruginosa* and *S. aureus*, and also made great strides expanding our pipeline to include non-cystic fibrosis bronchiectasis, prosthetic joint infections and pneumonia as well," stated Dr. Brian Varnum, Chief Executive Officer of Armata. "Importantly, our new state-of-the-art R&D and GMP manufacturing facility will greatly expand our capacity to support future clinical studies and potential commercial launches. This also positions us to evaluate partnerships and collaborations that may be in the best long-term interests of our Company and our shareholders. With the recent investment by Innoviva, we are well capitalized, and I believe we have set the stage for a catalyst rich 2022 and beyond with line of sight to meaningful clinical milestones."

Anticipated 2022 Milestones:

Pseudomonas respiratory programs

- Report topline SWARM-*P.a.* data
- Initiate non-CF bronchiectasis Phase 2 study
- Manufacture AP-PA03 and submit for regulatory approval for pneumonia

Staphylococcus program

- Initiate diSArm bacteremia study at US sites in the first half of 2022 and enroll into Phase 1b
- Activate Australian and EU sites to facilitate Phase 2a enrolment of diSArm study
- Obtain regulatory approval for a clinical trial in prosthetic joint infection

Fourth Quarter 2021 Financial Results

Grant Revenue. The Company recognized grant revenue of approximately \$1.0 million for the three months ended December 31, 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 \$0.5 million of revenue in the comparable period in 2020.

Research and Development. Research and development expenses for the three months ended December 31, 2021, were approximately \$4.8 million as compared to approximately \$5.0 million for the comparable period in 2020. The company continues to invest in clinical trial and personnel related expenses associated with its primary development programs.

General and Administrative. General and administrative expenses for the three months ended December 31, 2021, were approximately \$2.2 million as compared to approximately \$2.0 million for the comparable period in 2020.

Loss from Operations. Loss from operations for the three months ended December 31, 2021, was \$(6.0) million as compared to a loss from operations of approximately \$(6.6) million for the comparable period in 2020.

Cash and Equivalents. As of December 31, 2021, Armata held approximately \$10.3 million of unrestricted cash and cash equivalents, as compared to approximately \$9.7 million as of December 31, 2020. Subsequent to December 31, 2021, the company entered into a securities purchase agreement with a subsidiary of Innoviva, Inc. with total gross proceeds of \$45 million, before deducting transaction expenses, which will be completed in two tranches. The first tranche of \$18.1 million was funded in February of 2022 and the remaining

\$26.9 million in proceeds is expected to be funded following a special shareholders meeting which is scheduled for the end of March 2022.

As of March 17, 2022, there were approximately 30.7 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 17, 2022, 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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Assets		
Cash and cash equivalents	\$ 10,288,000	\$ 9,649,000
Awards receivable	2,989,000	561,000
Prepays and other current assets	1,718,000	636,000
Total current assets	<u>14,995,000</u>	<u>10,846,000</u>
Property and equipment, net	38,072,000	12,837,000
Other long term assets	2,955,000	2,087,000
Intangible assets, net	13,746,000	13,746,000
Total assets	<u>\$ 69,768,000</u>	<u>\$ 39,516,000</u>
Liabilities and stockholders' equity		
Total current liabilities	\$ 4,814,000	\$ 6,705,000

Long term liabilities	36,480,000	10,877,000
Deferred tax liability	<u>3,077,000</u>	<u>3,077,000</u>
Total liabilities	44,371,000	20,659,000
Stockholders' equity	25,397,000	18,857,000
Total liabilities and stockholders' equity	<u>\$ 69,768,000</u>	<u>\$ 39,516,000</u>

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations

	Three Months Ended Dec 31,		Twelve Months Ended Dec 31,	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Grant Revenue	\$ 989,000	\$ 504,000	\$ 4,474,000	\$ 823,000
Operating expenses:				
Research and development	4,814,000	4,980,000	20,015,000	14,444,000
General and administrative	2,222,000	1,977,000	8,281,000	7,966,000
Total operating expenses	<u>7,036,000</u>	<u>6,957,000</u>	<u>28,296,000</u>	<u>22,410,000</u>
Loss from operations	<u>(6,047,000)</u>	<u>(6,453,000)</u>	<u>(23,822,000)</u>	<u>(21,587,000)</u>
Other income (expense), net	-	(171,000)	667,000	(594,000)
Loss before income taxes and Net Loss	<u>\$ (6,047,000)</u>	<u>\$ (6,624,000)</u>	<u>\$ (23,155,000)</u>	<u>\$ (22,181,000)</u>
Net loss per share, basic and diluted	<u>\$ (0.23)</u>	<u>\$ (0.36)</u>	<u>\$ (0.96)</u>	<u>\$ (1.35)</u>
Weighted average shares outstanding, basic and diluted	<u>26,303,081</u>	<u>18,422,821</u>	<u>24,104,146</u>	<u>16,415,012</u>

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statements of Cash Flows

	12/31/2021	
	2021	2020
Operating activities:		
Net loss	\$ (23,155,000)	\$ (22,181,000)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	2,882,000	3,475,000
Depreciation	1,169,000	1,114,000
Gain upon extinguishment of Paycheck Protection Program loan	(722,000)	-
Payment of accreted interest for deferred consideration for asset acquisition	(586,000)	-
Non-cash interest expense	60,000	628,000
Changes in operating assets and liabilities, net	<u>(3,223,000)</u>	<u>(874,000)</u>
Net cash used in operating activities	<u>(23,575,000)</u>	<u>(17,838,000)</u>
Investing activities:		
Purchases of property and equipment, net	<u>(1,304,000)</u>	<u>(824,000)</u>
Net cash used in investing activities	<u>(1,304,000)</u>	<u>(824,000)</u>
Financing activities:		
Payment of deferred consideration for asset acquisition	(1,414,000)	(1,000,000)
Proceeds from sale of common stock, net of offering costs	26,319,000	22,893,000
Proceeds from exercise of warrants and stock options	613,000	168,000
Proceeds from PPP Loan	-	717,000
Net cash provided by (used in) financing activities	<u>25,518,000</u>	<u>22,778,000</u>
Net increase (decrease) in cash and cash equivalents	639,000	4,116,000
Cash, cash equivalents and restricted cash, beginning of period	10,849,000	6,733,000
Cash, cash equivalents and restricted cash, end of period	<u>\$ 11,488,000</u>	<u>\$ 10,849,000</u>

Reconciliation of Cash and cash equivalents:

	12 Months Ended Dec 31,	
	2021	2020
Cash and cash equivalents	\$ 10,288,000	\$ 9,649,000
Restricted cash	1,200,000	1,200,000
Cash, cash equivalents and restricted cash	<u>\$ 11,488,000</u>	<u>\$ 10,849,000</u>

<https://investor.armatapharma.com/2022-03-17-Armata-Pharmaceuticals-Announces-Fourth-Quarter-and-Full-Year-2021-Results-and-Provides-Corporate-Update>