

Armata Pharmaceuticals Announces First Quarter 2022 Results and Provides Corporate Update

MARINA DEL REY, Calif, May 12, 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 first quarter 2022 and provided a corporate update.

First Quarter 2022 and Recent Developments:

- SWARM-*P.a.* study advancing through multiple ascending dose (MAD) dosing with optimized AP-PA02
- diSArm Phase 1b/2 *S. Staphylococcus aureus* bacteremia study initiated
- IND approved for AP-PA02 non-cystic fibrosis bronchiectasis (NCFB) Phase 2 study
- Strengthened balance sheet through \$45 million equity financing.

"Armata continues to advance our clinical strategy of evaluating bacteriophage product candidates against *P. aeruginosa* and *S. aureus* in multiple indications," stated Dr. Brian Varnum, Chief Executive Officer of Armata. "We are pleased with our progress in the SWARM-*P.a.* study and are excited to launch the diSArm and NCFB studies. We also continue to make significant progress toward initiating a clinical trial of AP-SA02 in prosthetic joint infections and advance toward an IND for AP-PA03. These programs are powered by our continued investment in developing bacteriophage-specific manufacturing methods. In parallel, we continue advance the build out of our new state-of-the-art cGMP manufacturing facility, which will allow us to increase production scale and capacity, meeting the needs of our expanding pipeline."

First Quarter 2022 Financial Results

Grant Revenue. The Company recognized grant revenue of approximately \$1.2 million for the three months ended March 31, 2022, 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 administered by the U.S. Department of Defense and the Defense Health Agency and Joint Warfighter Medical Research Program. The Company recognized approximately \$1.1 million of revenue in the comparable period in 2021.

Research and Development. Research and development expenses for the three months ended March 31, 2022, were approximately \$8.0 million as compared to approximately \$4.4 million for the comparable period in 2021. 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 March 31, 2022, were approximately \$2.0 million as compared to approximately \$2.2 million for the comparable period in 2021.

Loss from Operations. Loss from operations for the three months ended March 31, 2022, was \$(9.0) million as compared to a loss from operations of approximately \$(5.5) million for the comparable period in 2021.

Cash and Equivalents. As of March 31, 2022, Armata held approximately \$46.4 million of unrestricted cash and cash equivalents, as compared to \$10.3 million as of December 31, 2021. During the first quarter, the company entered into a securities purchase agreement with a subsidiary of Innoviva, Inc. with raised total gross proceeds of \$45 million, before deducting transaction expenses.

As of May 12, 2022, there were approximately 36.1 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 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.

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Armata Pharmaceuticals, Inc. Condensed Consolidated Balance Sheets

	March 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 46,408,000	\$ 10,288,000
Awards receivable	1,236,000	2,989,000
Prepays and other current assets	1,055,000	1,718,000
Total current assets	48,699,000	14,995,000
Property and equipment, net	37,665,000	38,072,000
Other long term assets	7,655,000	2,955,000
Intangible assets, net	13,746,000	13,746,000
Total assets	\$ 107,765,000	\$ 69,768,000
Liabilities and stockholders' equity		
Total current liabilities	\$ 6,226,000	\$ 4,814,000
Long term liabilities	36,923,000	36,480,000
Deferred tax liability	3,077,000	3,077,000
Total liabilities	46,226,000	44,371,000
Stockholders' equity	61,539,000	25,397,000
Total liabilities and stockholders' equity	\$ 107,765,000	\$ 69,768,000

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations

	Three Months Ended Mar 31,	
	2022	2021
	(Unaudited)	(Unaudited)
Grant Revenue	\$ 1,236,000	\$ 1,066,000
Operating expenses:		
Research and development	8,028,000	4,350,000
General and administrative	1,983,000	2,151,000
Total operating expenses	<u>10,011,000</u>	<u>6,501,000</u>
Loss from operations	<u>(8,775,000)</u>	<u>(5,435,000)</u>
Other income (expense), net	1,000	(60,000)
Loss before income taxes and Net Loss	<u>\$ (8,774,000)</u>	<u>\$ (5,495,000)</u>
Net loss per share, basic and diluted	<u>\$ (0.30)</u>	<u>\$ (0.27)</u>
Weighted average shares outstanding, basic and diluted	<u>28,996,499</u>	<u>20,458,355</u>

Armata Pharmaceuticals, Inc.
Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31,	
	2022	2021
Operating activities:		
Net loss	\$ (8,774,000)	\$ (5,495,000)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	493,000	842,000
Depreciation	226,000	281,000
Payment of accreted interest for deferred consideration for asset acquisition	-	(586,000)
Non-cash interest expense	-	62,000
Changes in operating assets and liabilities, net	4,540,000	(579,000)
Net cash used in operating activities	<u>(3,515,000)</u>	<u>(5,475,000)</u>
Investing activities:		
Purchases of property and equipment, net	(236,000)	(298,000)
Net cash used in investing activities	<u>(236,000)</u>	<u>(298,000)</u>
Financing activities:		
Payment of deferred consideration for asset acquisition	-	(1,414,000)
Proceeds from sale of common stock, net of offering costs	44,631,000	19,548,000
Proceeds from exercise of warrants and stock options	-	445,000
Net cash provided by (used in) financing activities	<u>44,631,000</u>	<u>18,579,000</u>
Net increase (decrease) in cash and cash equivalents	40,880,000	12,806,000
Cash, cash equivalents and restricted cash, beginning of period	11,488,000	10,849,000
Cash, cash equivalents and restricted cash, end of period	<u>\$ 52,368,000</u>	<u>\$ 23,655,000</u>

Reconciliation of Cash and cash equivalents:

	Three Months Ended March 31,	
	2022	2021
Cash and cash equivalents	\$ 46,408,000	\$ 22,455,000
Restricted cash	5,960,000	1,200,000
Cash, cash equivalents and restricted cash	<u>\$ 52,368,000</u>	<u>\$ 23,655,000</u>

<https://investor.armatapharma.com/2022-05-12-Armata-Pharmaceuticals-Announces-First-Quarter-2022-Results-and-Provides-Corporate-Update>