

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 30, 2019

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-32587

**Altimune, Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
State or Other Jurisdiction of  
Incorporation or Organization

910 Clopper Road Suite 201S, Gaithersburg, Maryland  
Address of Principal Executive Offices

20-2726770  
I.R.S. Employer  
Identification No.

20878  
Zip Code

(240) 654-1450

Registrant's Telephone Number, Including Area Code  
Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	ALT	The NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: as of August 13, 2019 there were 15,338,001 shares of the registrant's common stock, par value \$0.0001 per share, outstanding.

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Part I—FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited).

ALTIMMUNE, INC.  
CONSOLIDATED BALANCE SHEETS  
(unaudited)

	June 30, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 41,671,738	\$ 33,718,713
Restricted cash	34,174	634,416
Total cash, cash equivalents and restricted cash	41,705,912	34,353,129
Accounts receivable	2,629,840	3,461,938
Tax refund receivable	1,080,559	1,008,973
Prepaid expenses and other current assets	688,862	548,094
Total current assets	46,105,173	39,372,134
Property and equipment, net	1,222,130	1,342,802
Right of use asset	732,380	—
Intangible assets, net	13,760,216	13,851,924
Other assets	156,115	183,682
Total assets	<u>\$ 61,976,014</u>	<u>\$ 54,750,542</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$ 163,724	\$ 71,596
Accounts payable	270,097	372,860
Accrued expenses and other current liabilities	3,046,567	4,082,949
Total current liabilities	3,480,388	4,527,405
Deferred income taxes	58,500	58,500
Other long-term liabilities	2,212,104	1,852,071
Total liabilities	<u>5,750,992</u>	<u>6,437,976</u>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$0.0001 par value; 200,000,000 shares authorized; 13,451,106 and 9,078,735 shares issued; 13,450,751 and 9,078,238 shares outstanding at June 30, 2019 and December 31, 2018, respectively	1,313	876
Additional paid-in capital	183,604,057	170,207,844
Accumulated deficit	(122,340,185)	(116,855,991)
Accumulated other comprehensive loss – foreign currency translation adjustments	(5,040,163)	(5,040,163)
Total stockholders' equity	56,225,022	48,312,566
Total liabilities and stockholders' equity	<u>\$ 61,976,014</u>	<u>\$ 54,750,542</u>

The accompanying notes are an integral part of the unaudited consolidated financial statements.

**ALTIMMUNE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(unaudited)**

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Revenue	\$ 1,626,029	\$ 2,417,140	\$ 4,581,622	\$ 5,108,121
Operating expenses:				
Research and development	2,945,096	4,918,961	6,162,768	10,665,890
General and administrative	2,231,817	2,933,982	4,298,299	5,381,917
Impairment charges	—	—	—	490,676
Total operating expenses	<u>5,176,913</u>	<u>7,852,943</u>	<u>10,461,067</u>	<u>16,538,483</u>
Loss from operations	<u>(3,550,884)</u>	<u>(5,435,803)</u>	<u>(5,879,445)</u>	<u>(11,430,362)</u>
Other income (expense):				
Changes in fair value of warrant liability	(46,000)	(5,228,691)	(46,000)	(3,680,709)
Changes in fair value of embedded derivatives	—	4,912	—	(2,130)
Interest expense	(748)	(1,921)	(1,488)	(2,791)
Interest income	239,964	25,617	425,211	57,206
Other income (expense)	(29,220)	(49)	17,528	257,675
Total other income (expense)	<u>163,996</u>	<u>(5,200,132)</u>	<u>395,251</u>	<u>(3,370,749)</u>
Net loss before income tax benefit	<u>(3,386,888)</u>	<u>(10,635,935)</u>	<u>(5,484,194)</u>	<u>(14,801,111)</u>
Income tax benefit	—	1,497,093	—	2,488,731
Net loss	<u>(3,386,888)</u>	<u>(9,138,842)</u>	<u>(5,484,194)</u>	<u>(12,312,380)</u>
Other comprehensive income (loss) – foreign currency translation adjustments	—	(1,078,648)	—	(463,177)
Comprehensive loss	<u>\$ (3,386,888)</u>	<u>\$ (10,217,490)</u>	<u>\$ (5,484,194)</u>	<u>\$ (12,775,557)</u>
Net loss	<u>\$ (3,386,888)</u>	<u>\$ (9,138,842)</u>	<u>\$ (5,484,194)</u>	<u>\$ (12,312,380)</u>
Preferred stock accretion and other deemed dividends	—	(700,093)	(452,925)	(2,591,414)
Net loss attributed to common stockholders	<u>\$ (3,386,888)</u>	<u>\$ (9,838,935)</u>	<u>\$ (5,937,119)</u>	<u>\$ (14,903,794)</u>
Weighted-average common shares outstanding, basic and diluted	<u>13,127,773</u>	<u>956,057</u>	<u>11,318,819</u>	<u>817,077</u>
Net loss per share attributed to common stockholders, basic and diluted	<u>\$ (0.26)</u>	<u>\$ (10.29)</u>	<u>\$ (0.52)</u>	<u>\$ (18.24)</u>

The accompanying notes are an integral part of the unaudited consolidated financial statements.

**ALTIMMUNE, INC.**  
**CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY**  
**(unaudited)**

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>				
Balance, January 1, 2019	9,078,239	\$ 876	\$ 170,207,844	\$ (116,855,991)	\$ (5,040,163)	\$ 48,312,566
Stock based compensation and vesting of restricted stock	71		407,742			407,742
Issuance of common stock in registered direct offering, net of offering costs	4,361,370	436	12,668,348			12,668,784
Issuance of common stock upon exercise of warrants	11,000	1	30,323			30,324
Net loss				(2,097,306)		(2,097,306)
Balance, March 31, 2019	<u>13,450,680</u>	<u>\$ 1,313</u>	<u>\$ 183,314,257</u>	<u>\$ (118,953,297)</u>	<u>\$ (5,040,163)</u>	<u>\$ 59,322,110</u>
Stock based compensation and vesting of restricted stock	71		289,800			289,800
Net loss				(3,386,888)		(3,386,888)
Balance, June 30, 2019	<u>13,450,751</u>	<u>\$ 1,313</u>	<u>\$ 183,604,057</u>	<u>\$ (122,340,185)</u>	<u>\$ (5,040,163)</u>	<u>\$ 56,225,022</u>

**ALTIMMUNE, INC.**  
**CONSOLIDATED STATEMENTS OF REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY**  
**(unaudited)**

	Series B Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, January 1, 2018	12,177	\$ 9,281,767	608,499	\$ 61	\$ 121,657,587	\$ (77,684,839)	\$ (4,576,986)	\$ 39,395,823
Stock based compensation and vesting of restricted stock			71	—	356,737			356,737
Exercises of stock options			7,703	1	18,487			18,488
Conversion of Series B redeemable convertible preferred stock into common stock	(5,219)	(5,218,572)	130,447	13	5,218,559			5,218,572
Accretion of Series B Redeemable convertible preferred stock		1,891,321			(1,891,321)			(1,891,321)
Foreign currency translation adjustments							615,471	615,471
Net loss						(3,173,538)		(3,173,538)
Balance, March 31, 2018	<u>6,958</u>	<u>\$ 5,954,516</u>	<u>746,720</u>	<u>\$ 75</u>	<u>\$ 125,360,049</u>	<u>\$ (80,858,377)</u>	<u>\$ (3,961,515)</u>	<u>\$ 40,540,232</u>
Stock based compensation and vesting of restricted stock			71		252,156			252,156
Exercises of stock options			1,837	-	4,410			4,410
Accretion of Series B redeemable convertible preferred stock		956,150			(956,150)			(956,150)
Conversion of Series B redeemable convertible preferred stock into common stock	(4,036)	(4,036,539)	334,180	33	4,036,506			4,036,539
Redemption of Series B redeemable convertible preferred stock for cash and release of embedded derivative	(2,364)	(2,364,044)			23,292			23,292
Issuance of common stock for the exchange of warrants			167,700	17	2,126,983			2,127,000
Foreign currency translation adjustments							(1,078,648)	(1,078,648)
Net loss						(9,138,842)		(9,138,842)
Balance, June 30, 2018	<u>558</u>	<u>\$ 510,083</u>	<u>1,250,508</u>	<u>\$ 125</u>	<u>\$ 130,847,246</u>	<u>\$ (89,997,219)</u>	<u>\$ (5,040,163)</u>	<u>\$ 35,809,989</u>

The accompanying notes are an integral part of the unaudited consolidated financial statements.

**ALTIMMUNE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	For the Six Months Ended June 30,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (5,484,194)	\$ (12,312,380)
Adjustments to reconcile net loss to net cash used in operating activities:		
Impairment charge	—	490,676
Stock-based compensation	697,486	608,893
Depreciation	121,899	77,528
Amortization	107,580	29,446
Unrealized gains on foreign currency exchange	(24,943)	—
Changes in fair value of warrant liability	46,000	3,680,709
Changes in fair value of embedded derivatives	—	2,130
Changes in operating assets and liabilities:		
Accounts receivable	832,098	951,727
Prepaid expenses and other current assets	(113,200)	479,600
Accounts payable	(102,763)	115,452
Accrued expenses and other current liabilities	(1,094,831)	1,160,415
Deferred revenue	2,802	2,614
Lease obligation	(89,428)	765,239
Tax refund receivable	(71,586)	2,244,751
Deferred taxes	—	(1,507,358)
Net cash used in operating activities	(5,173,080)	(3,210,558)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(1,226)	(811,646)
Additions to intangible assets	(15,874)	(27,505)
Net cash used in investing activities	(17,100)	(839,151)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Redemption of preferred stock	—	(2,364,044)
Cash paid in conjunction with warrant exchange	—	(1,100,000)
Proceeds from issuance of common units, net of issuance costs	12,668,784	—
Proceeds from exercise of warrants	30,324	—
Payments of notes payable	(156,145)	—
Proceeds from exercise of stock options	—	22,898
Net cash provided by (used in) financing activities	12,542,963	(3,441,146)
<b>EFFECT OF EXCHANGE RATES ON CASH</b>		
	—	(50,365)
Net increase (decrease) in cash and cash equivalents and restricted cash	7,352,783	(7,541,220)
Cash, cash equivalents and restricted cash, beginning of period	34,353,129	12,303,639
Cash, cash equivalents and restricted cash, end of period	\$ 41,705,912	\$ 4,762,419
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ —	\$ 1,791
<b>SUPPLEMENTAL NON-CASH FINANCING ACTIVITIES:</b>		
Conversion of Series B redeemable convertible preferred stock into common stock	\$ —	\$ 9,255,111
Accretion of Series B redeemable convertible preferred stock	\$ —	\$ 2,847,471
Notes payable issued in conjunction with the exchange of warrants	\$ —	\$ 1,500,000
Addition of property and equipment not yet paid	\$ —	\$ 139,349
Addition of intangible assets not yet paid	\$ —	\$ 5,763
Lease incentive billed but not yet received	\$ —	\$ 139,349

The accompanying notes are an integral part of the unaudited consolidated financial statements.

**ALTIMMUNE, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. Nature of Business and Basis of Presentation**

*Nature of Business*

Altimune, Inc., headquartered in Gaithersburg, Maryland, together with its subsidiaries (collectively, the “Company” or “Altimune”) is a clinical stage biopharmaceutical company incorporated under the laws of the State of Delaware. The Company is focused on discovering and developing immunotherapies and vaccines to address significant unmet medical needs. Since its inception, the Company has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, and raising capital, and has financed its operations through the issuance of common and preferred stock, long-term debt, and proceeds from research grants and government contracts. The Company has not generated any revenues from the sale of any products to date, and there is no assurance of any future revenues from product sales.

The accompanying unaudited consolidated financial statements are prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States for complete consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 included in the annual report on Form 10-K which was filed with the SEC on April 1, 2019. In the opinion of management, the Company has prepared the accompanying unaudited consolidated financial statements on the same basis as the audited consolidated financial statements, and these consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of the interim periods presented. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full year 2019 or any future years or periods.

*Basis of presentation*

The unaudited consolidated financial statements have been prepared on the basis of continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should we be unable to continue as a going concern.

On September 13, 2018, the Company filed Certificates of Amendment to its Amended and Restated Certificate of Incorporation with the Secretary of State of Delaware to increase the number of authorized shares of the Company’s common stock, par value \$0.0001 per share, from 100,000,000 to 200,000,000 shares and to effect a reverse stock split of the Company’s common stock at a ratio of 1-for-30 (the “Reverse Stock Split”). All references set forth in this quarterly report to number of shares or per share data have been presented retroactively on a post Reverse Stock Split basis.

**2. Summary of Significant Accounting Policies**

During the six months ended June 30, 2019, there have been no significant changes to the Company’s summary of significant accounting policies contained in the Company’s Annual report on Form 10-K for the year ended December 31, 2018 as filed with the SEC, except for the recently adopted accounting standard for leases.

*Leases*

The Company determines if an arrangement is a lease at inception. Operating leases are recorded as a current and long-term lease obligation, with a corresponding right of use lease assets.

The lease obligations represent the Company’s obligation to make lease payments arising from the lease. The right of use lease assets represent the Company’s right to use an underlying asset for the lease term. The lease obligations and the operating right of use lease assets are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Short-term leases are leases having a term of twelve months or less. The Company recognizes short-term leases on a straight-line basis and does not record a related lease asset or liability for such leases.



### *Recently Issued Accounting Pronouncements - Adopted*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, Leases (“ASU 2016-02”). ASU 2016-02 requires a lessee to separate the lease components from the non-lease components in a contract and recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018. The standard requires a modified retrospective approach or an optional transition to apply the new guidance in the year of transition rather than at the beginning of the earliest period presented. The Company adopted ASU 2016-02 in the first quarter of 2019 under the optional transition method. The Company’s current operating leases will be accounted for as operating lease liabilities and right of use assets upon adoption. The Company has elected the package of practical expedients permitted. Accordingly, the Company accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease, (b) whether classification of the operating leases would be different in accordance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs at lease commencement. In addition, the Company does not allocate the consideration between lease and non-lease components. On January 1, 2019, the Company recorded a lease liability and a corresponding right of use asset. The adjustment resulted in an increase of \$756,347 to total assets and total liabilities on the January 1, 2019 consolidated balance sheet. The adoption will not have a material impact on the consolidated statement of operations or consolidated statement of cash flows.

In June 2018, FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718)—Improvements to Nonemployee Share-Based Payment Accounting* (“ASU 2018-07”). ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The Company adopted ASU 2018-07 in the first quarter of 2019. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

### *Recently Issued Accounting Pronouncements - Pending Adoption*

In August 2018, FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, was issued to modify and enhance the disclosure requirements for fair value measurements. This update is effective in fiscal years, including interim periods, beginning after December 15, 2019, and early adoption is permitted. The Company is still completing its assessment of the impacts and anticipated adoption date of this guidance.

## **3. Acquisitions**

Subsequent to the quarter ended June 30, 2019, the Company entered into a definitive agreement to acquire all of the equity interests of Spitfire Pharma, Inc. (“Spitfire”) on July 8, 2019. Spitfire was a privately held, preclinical pharmaceutical company developing a novel dual GLP-1/glucagon receptor agonist for the treatment of non-alcoholic steatohepatitis.

The transaction closed on July 12, 2019. The Company issued 1,887,250 unregistered shares of its common stock (the “Shares”) as upfront consideration to certain former securityholders of Spitfire (collectively, the “Spitfire Equityholders”), representing an amount equal to \$5,000,000 less working capital and transaction expense adjustment amounts as defined in the agreement (the “Closing Consideration”). The number of Shares issued as payment of the Closing Consideration was determined based on the average of the closing prices of the Company’s common stock as reported on the Nasdaq Global Market for the twenty (20) consecutive trading days prior to and including July 8, 2019, the date on which the parties entered into the Agreement and Plan of Merger and Reorganization (the “Merger Agreement”).

The Merger Agreement includes \$88,000,000 in future contingent payments for regulatory, clinical and sales milestones using the acquired intellectual property. The Company will record the contingent consideration when and if the milestones are achieved and the milestone payments become payable.

The Company determined that the acquisition of Spitfire should be accounted for as an asset acquisition instead of a business combination because substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, and therefore, the asset is not considered a business. The Company plans to expense the acquired intellectual property as of the acquisition date as in-process research and development with no alternative future uses. The Company expects to record an in-process research and development expense for the up-front consideration during the third quarter of 2019. Transaction costs of \$618,417 are recorded within research and development expense on the Consolidated Statements of Operations and Comprehensive Loss during the three and six months ended June 30, 2019

## **4. Net Loss Per Share**

Because the Company has reported a net loss attributable to common stockholders for all periods presented, basic and diluted net loss per share attributable to common stockholders are the same for all periods presented. For periods presented, all preferred stock, unvested restricted stock, common stock warrants, and stock options have been excluded from the computation of diluted weighted-average shares outstanding because such securities would have an antidilutive impact.

Potential common shares issuable upon conversion, vesting or exercise of preferred stock, unvested restricted stock, common stock warrants, and stock options that are excluded from the computation of diluted weighted-average shares outstanding are as follows:

	As of June 30,	
	2019	2018
Redeemable preferred stock	-	6,966
Common stock warrants	10,386,256	25,211
Common stock options	873,066	53,846
Restricted stock	323,262	639

## 5. Goodwill and Intangible Assets

### Goodwill

In May 2017, the Company closed on a business combination and recorded an initial purchase price allocation including goodwill. During the six months ended June 30, 2018 and prior to the end of the measurement period for accounting for the business combination, the Company recorded adjustments to the purchase price allocation resulting in a net decrease in tax refunds receivable, with a corresponding net increase in goodwill, of \$490,676. As goodwill related to this transaction had previously been determined to be fully impaired, the Company recognized an impairment charge of \$490,676 as a result of these purchase price allocation adjustments during the six months ended June 30, 2018. The purchase price allocation was considered final in May 2018, and no further adjustments were recorded.

### Intangibles assets

The Company's intangible assets consisted of the following:

	Estimated Useful Lives	June 30, 2019		
		Gross Carrying Value	Accumulated Amortization	Net Book Value
Internally developed patents	6-10 years	\$ 734,432	\$ (416,857)	\$ 317,575
Acquired licenses	16-20 years	285,000	(261,326)	23,674
Total intangible assets subject to amortization		1,019,432	(678,183)	341,249
IPR&D assets	Indefinite	13,418,967	—	13,418,967
Total		<u>\$ 14,438,399</u>	<u>\$ (678,183)</u>	<u>\$ 13,760,216</u>

	Estimated Useful Lives	December 31, 2018			
		Gross Carrying Value	Accumulated Amortization	Impairment	Net Book Value
Internally developed patents	6-10 years	\$ 718,559	\$ (317,172)	\$ —	\$ 401,387
Acquired licenses	16-20 years	285,000	(253,430)	—	31,570
Total intangible assets subject to amortization		\$ 1,003,559	\$ (570,602)	\$ —	\$ 432,957
IPR&D assets	Indefinite	37,868,978	—	(24,450,011)	13,418,967
Total		<u>\$38,872,537</u>	<u>\$ (570,602)</u>	<u>\$ (24,450,011)</u>	<u>\$ 13,851,924</u>

Amortization expense of intangible assets subject to amortization was \$14,836 and \$14,972 for the three months ended June 30, 2019 and 2018, and \$107,580 and \$29,446 for the six months ended June 30, 2019 and 2018, respectively. Amortization expense was classified as research and development expenses in the accompanying unaudited consolidated statements of operations and comprehensive loss.

As of June 30, 2019, future estimated amortization expense was as follows:

Years ending December 31,	
The remainder of 2019	\$ 29,690
2020	45,933
2021	25,375
2022	25,375
2023	25,375
2024 and thereafter	189,501
Total	<u>\$ 341,249</u>

## 6. Accrued Expenses

Accrued expenses and other current liabilities consist of the following:

	June 30, 2019	December 31, 2018
Accrued professional services	\$ 417,618	\$ 552,619
Accrued payroll and employee benefits	808,585	1,257,191
Accrued interest	2,685	1,192
Accrued research and development	1,539,045	2,076,704
Lease obligation, current portion	246,193	—
Deferred rent, current portion	—	175,490
Deferred revenue	32,441	19,753
Total accrued expenses	<u>\$ 3,046,567</u>	<u>\$ 4,082,949</u>

## 7. Notes Payable and Other Long-Term Liabilities

The Company's current portion of outstanding notes payable are summarized as follows:

	June 30, 2019	December 31, 2018
BPI France notes, short-term portion	\$ 163,724	\$ 71,596
Total notes payable	<u>\$ 163,724</u>	<u>\$ 71,596</u>

The Company's long-term portion of outstanding notes payable as well as other long-term liabilities are summarized as follows:

	June 30, 2019	December 31, 2018
BPI France notes, long-term portion	\$ 252,902	\$ 501,174
Lease obligation, long-term portion (see Note 11)	1,618,055	—
Deferred rent, long-term portion	—	1,045,807
Common stock warrant liability (see Note 9)	111,000	65,000
Other	230,147	240,090
Total other long-term liabilities	<u>\$ 2,212,104</u>	<u>\$ 1,852,071</u>

### Line of Credit

On July 27, 2018, the Company renewed its existing line of credit agreement for a six-month term with an increase to the borrowing capacity from \$250,000 to \$1,750,000, subject to a minimum liquidity requirement equal to the outstanding balance of the line. The line of credit was not renewed and expired in January 2019. There was no balance on this credit facility as of December 31, 2018 or for the period within 2019 prior to its expiration.

### BPI France Notes

Altimmune France has two non-interest-bearing research and development funding arrangements with BPI France that were entered into in December 2013 to provide Altimmune France up to €750,000 in research funding in the first arrangement and up to €250,000 in the second arrangement. Altimmune France was permitted to draw 50% of the funds upon the signing of the arrangements, an additional 30% contingent upon a financial audit and technical progress report, and the remaining amounts at the completion of the research and development project being funded by the arrangements. In October 2016, the Company and BPI France agreed to extend the term on the arrangement by two years. Each of the two obligations is repayable in sixteen quarterly installments from June 2019 through March 2023. The total amount advanced under the arrangements was €500,000 as of June 30, 2019 (\$568,321 as of June 30, 2019). In April 2019, the Company was notified that €102,951 (\$117,018 as of June 30, 2019) exceeded the allowable funding in accordance with the arrangement and made payment of this amount on June 5, 2019. The remaining balance is repayable in sixteen quarterly installments from June 2019 through March 2023, and the Company paid €31,250 (\$35,520) during the six months ended June 30, 2019. As of June 30, 2019, \$163,724 on this note is classified as short term, and \$252,902 as long term. The BPI France notes are recorded at their repayment value which approximates fair value.

## 8. Common Stock

On March 12, 2019, the Company issued a combined total of 1,500,000 common units and 2,861,370 pre-funded units to two institutional investors in a registered direct offering (the "Registered Direct Offering"). Each common unit in the Registered Direct Offering was sold at a price of \$3.21 and consisted of one share of common stock and 0.70 of a warrant to purchase one share of common stock at an exercise price of \$3.21. Each warrant sold in the Registered Direct Offering was exercisable immediately and expired five years from the date of issuance. Each pre-funded unit in the Registered Direct Offering was sold at a public offering price of \$3.20 and consisted of a pre-funded warrant to purchase

one share of common stock at an exercise price of \$0.01 per share and 0.70 of a warrant to purchase one share of common stock at an exercise price of \$3.21. The pre-funded warrants were immediately exercisable and were able to be exercised at any time until all of the pre-funded warrants were exercised in full. All of the pre-funded warrants were exercised prior to March 31, 2019. The net proceeds of the Registered Direct Offering were approximately \$12,668,784, after deducting the underwriting discount and offering expenses payable by the Company.

The warrants issued in the Registered Direct Offering were concluded to be equity classified freestanding financial instruments. The Registered Direct Offering triggered a down round adjustment to the exercise price of warrants previously issued in an October 2018 public offering from \$4.1798 to \$2.7568. The Company treated the value of the effect of the reduction in exercise price as a deemed dividend of \$452,925 during the six months ended June 30, 2019, which reduced income available to common shareholders.

## 9. Warrants

A summary of warrant activity during the six months ended June 30, 2019 is as follows:

Warrants outstanding, beginning of period	7,344,297
Issuances	3,052,959
Exercises and conversions	(11,000)
Warrants outstanding, end of period	<u>10,386,256</u>

For warrants classified as a liability, the following is a summary of the periodic changes in their fair value during the six months ended June 30, 2019:

Balance, January 1, 2019	\$ 65,000
Changes in fair value (Monte Carlo simulation valuation)	46,000
Balance, June 30, 2019	<u>\$ 111,000</u>

The fair value of common warrants classified as a liability was estimated using the Monte Carlo simulation valuation model with Level 3 inputs. The following assumptions were used to estimate the fair value of warrants that were classified as a liability at June 30, 2019.

Expected volatility	96.3%
Expected term (years)	3.10
Risk-free interest rate	1.7%
Expected dividend yield	0.0%

## 10. Stock-Based Compensation

### Stock Options

The Company's stock option awards generally vest over four years and typically have a contractual life of ten years. At June 30, 2019, there was \$1,579,524 of unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted-average period of 3.39 years. During the six months ended June 30, 2019, the Company granted 618,000 stock options with a weighted average price of \$2.76 and per share weighted average grant date fair value of \$2.09.

Information related to stock options outstanding at June 30, 2019 is as follows:

	Number of Stock Options	Weighted- average Exercise Price	Weighted- average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding	<u>873,066</u>	<u>\$ 5.67</u>	<u>5.89</u>	<u>\$ 2,000</u>
Exercisable	<u>112,944</u>	<u>\$ 18.97</u>	<u>5.18</u>	<u>\$ -</u>
Unvested	<u>760,122</u>	<u>\$ 3.69</u>	<u>5.99</u>	<u>\$ 2,000</u>

### Restricted Stock

At June 30, 2019, the Company had unvested restricted stock of 323,262 shares with total unrecognized compensation expense of \$990,288, which the Company expects to recognize over a weighted average period of approximately 3.42 years. During the six months ended June 30, 2019, the Company released 71 shares of common stock from restriction as a result of the vesting of restricted stock.

### Stock-based compensation expense

Stock-based compensation expense is classified in the unaudited consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2019 and 2018 as follows:

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Research and development	\$ 92,060	\$ 108,276	\$ 168,684	\$ 197,312
General and administrative	197,712	143,850	528,802	411,581
Total	<u>\$ 289,772</u>	<u>\$ 252,126</u>	<u>\$ 697,486</u>	<u>\$ 608,893</u>

### 2019 Employee Stock Purchase Plan

On March 29, 2019, the board of directors adopted the 2019 Employee Stock Purchase Plan (the "2019 ESPP"). A total of 403,500 shares of the Company's common stock have been reserved for issuance under the 2019 ESPP. Subject to any plan limitations, the 2019 ESPP allows eligible employees to contribute through payroll deductions up to 10% of their earnings for the purchase of the Company's common stock at a discounted price per share. The offering periods begin in February and August of each year, with the initial offering period commencing on August 1, 2019. The common shares issuable under the 2019 ESPP were registered pursuant to a registration statement on Form S-8 on April 4, 2019.

Unless otherwise determined by the administrator, the Company's common stock will be purchased for the accounts of employees participating in the 2019 ESPP at a price per share that is the lesser of 85% of the fair market value of the Company's common stock on the first trading day of the offering period or 85% of the fair market value of the Company's common stock on the last trading day of the offering period.

## 11. Operating Leases

The Company rents office and laboratory space in the United States. The Company also leases office equipment under a non-cancellable equipment lease through December 2022. Rent expense during the three and six months ended June 30, 2019 under all of the Company's operating leases was \$83,903 and \$174,079, respectively, which includes short-term leases and variable lease costs not included in the lease obligation.

Short-term leases are leases having a term of twelve months or less. The Company recognizes short-term leases on a straight-line basis and does not record a related lease asset or liability for such leases.

The office space lease provides for increases in future minimum annual rental payments as defined in the lease agreements. The Company has determined the lease renewal option is not reasonably certain.

The operating cash outflows related to operating leases for the six months ended June 30, 2019 was \$89,428.

Supplemental other information related to the operating leases balance sheet information is as follows:

	June 30, 2019
Operating lease obligations	\$ 1,864,248
Operating lease right-of-use assets	\$ 732,380
Weighted-average remaining lease term	5.83
Weighted-average discount rate	8.0%

Maturities of lease liabilities is as follows:

Year ending December 31,	
The remainder of 2019	\$ 191,428
2020	387,079
2021	393,542
2022	400,198
2023	407,054
2024 and thereafter	552,948
Total lease payments	2,332,249
Less imputed interest	(468,001)
Total	<u>\$ 1,864,248</u>

## 12. Commitments and Contingencies

The Company is a party in various other contractual disputes, litigation, and potential claims arising in the ordinary course of business. The Company does not believe that the resolution of these matters will have a material adverse effect on its financial position or results of operations.

**13. Subsequent Events**

Refer to Note 3 for a description of the Merger Agreement entered into on July 8, 2019.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

*The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements and related notes appearing elsewhere in this quarterly report on Form 10-Q and our consolidated financial statements and related notes for the year ended December 31, 2018 included in our annual report on Form 10-K, which was filed with the Securities and Exchange Commission on April 1, 2019.*

*This quarterly report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. The words “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” “may,” “will,” “should,” “could,” “target,” “strategy,” “intend,” “project,” “guidance,” “likely,” “usually,” “potential,” or the negative of these words or variations of such words, similar expressions, or comparable terminology are intended to identify such forward-looking statements, although not all forward-looking statements contain these identifying words. There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by forward-looking statements. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this quarterly report on Form 10-Q, particularly in the section entitled “Risk Factors” in Part II, Item 1A, that could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments that we may make.*

*We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report, and we assume no obligation to update any such forward-looking statements, other than as required by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we, in the future, may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.*

### **Overview**

Altimmune, Inc. is a clinical stage biopharmaceutical company focused on developing liver disease and immune modulating therapies. Our diverse pipeline includes next generation peptide therapeutics for NASH (ALT-801) and chronic Hepatitis B (HepTcell™), conjugated immunostimulants for the treatment of cancer (ALT-702) and intranasal vaccines (NasoVAX™ and NasoShield™).

### **Reverse Stock Split**

On September 13, 2018 we amended our Amended and Restated Certificate of Incorporation to effect a reverse stock split of our issued and outstanding common stock at a ratio 1-for-30, or the “Reverse Stock Split”. The Reverse Stock Split was effective on September 13, 2018, and our shares of common stock commenced trading on the NASDAQ Global Market on a post-Reverse Stock Split basis on September 14, 2018. Unless otherwise noted, all share and per share numbers in this Quarterly Report on Form 10-Q are reflected on a Post-Reverse Stock Split basis for all periods presented.

### **Acquisition**

Subsequent to the quarter ended June 30, 2019, the Company entered into a definitive agreement to acquire all of the equity interests of Spitfire Pharma, Inc. (“Spitfire”) on July 8, 2019. Spitfire was a privately held, preclinical pharmaceutical company developing a novel dual GLP-1/glucagon receptor agonist for the treatment of non-alcoholic steatohepatitis.

The transaction closed on July 12, 2019. The Company issued 1,887,250 unregistered shares of its common stock (the “Shares”) as upfront consideration to certain former securityholders of Spitfire (collectively, the “Spitfire Equityholders”), representing an amount equal to \$5.0 million less working capital and transaction expense adjustment amounts (the “Closing Consideration”). The number of Shares issued as payment of the Closing Consideration was determined based on the average of the closing prices of the Company’s common stock as reported on the Nasdaq Global Market for the twenty (20) consecutive trading days prior to and including July 8, 2019, the date on which the parties entered into the Agreement and Plan of Merger and Reorganization (the “Merger Agreement”).

The Merger Agreement also includes \$88.0 million in future contingent payments based on regulatory, clinical and sales milestones using the acquired intellectual property. The Company will record the contingent consideration when and if the milestones are achieved and the milestone payments become payable.

### **Critical Accounting Policies and Significant Judgment and Estimates**

Management’s Discussion and Analysis of Financial Condition and Results of Operations is based upon our unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. and the rules and regulations of the SEC for interim financial reporting. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and the related disclosure of contingent assets and liabilities. We base our estimates and judgments on historical experience, knowledge of current conditions, and expectations of what could occur in the future given available information.

There have been no changes in our critical accounting policies and significant judgment and estimates as disclosed in our annual report on Form 10-K for the year ended December 31, 2018 except for recently adopted accounting standards (See note 2). For more information regarding our critical accounting policies, we encourage you to read the discussion contained in Item 7 under the heading “Critical Accounting Policies and Significant Judgments and Estimates” and Note 2 “Summary of Significant Accounting Policies” included in the notes to the consolidated financial statements contained in our annual report on Form 10-K for the year ended December 31, 2018.

## Results of Operations

Comparison of the three months ended June 30, 2019 and 2018:

	For the Three Months Ended June 30,			
	2019	2018	Increase (Decrease)	
Revenue	\$ 1,626,029	\$ 2,417,140	\$ (791,111)	(32.7) %
Operating expenses				
Research and development	2,945,096	4,918,961	(1,973,865)	(40.1)
General and administrative	2,231,817	2,933,982	(702,165)	(23.9)
Total operating expenses	5,176,913	7,852,943	(2,676,030)	(34.1)
Loss from operations	(3,550,884)	(5,435,803)	1,884,919	(34.7)
Other income (expense):				
Changes in fair value of warrant liability	(46,000)	(5,228,691)	5,182,691	(99.1)
Changes in fair value of embedded derivative	—	4,912	(4,912)	—
Interest expense	(748)	(1,921)	1,173	(61.1)
Interest income	239,964	25,617	214,347	836.7
Other income (expenses)	(29,220)	(49)	(29,171)	59,532.7
Total other income (expense)	163,996	(5,200,132)	5,364,128	(103.2)
Net loss before income tax benefit	(3,386,888)	(10,635,935)	7,249,047	(68.2)
Income tax benefit	—	1,497,093	(1,497,093)	—
Net loss	\$ (3,386,888)	\$ (9,138,842)	\$ 5,751,954	(62.9) %

Comparison of the six months ended June 30, 2019 and 2018:

	For the Six Months Ended June 30,			
	2019	2018	Increase (Decrease)	
Revenue	\$ 4,581,622	\$ 5,108,121	\$ (526,499)	(10.3) %
Operating expenses				
Research and development	6,162,768	10,665,890	(4,503,122)	(42.2)
General and administrative	4,298,299	5,381,917	(1,083,618)	(20.1)
Goodwill impairment	—	490,676	(490,676)	—
Total operating expenses	10,461,067	16,538,483	(6,077,416)	(36.7)
Loss from operations	(5,879,445)	(11,430,362)	5,550,917	(48.6)
Other income (expense):				
Changes in fair value of warrant liability	(46,000)	(3,680,709)	3,634,709	(98.8)
Changes in fair value of embedded derivative	—	(2,130)	2,130	—
Interest expense	(1,488)	(2,791)	1,303	(46.7)
Interest income	425,211	57,206	368,005	643.3
Other income (expenses)	17,528	257,675	(240,147)	(93.2)
Total other income (expense)	395,251	(3,370,749)	3,766,000	(111.7)
Net loss before income tax benefit	(5,484,194)	(14,801,111)	9,316,917	(62.9)
Income tax benefit	-	2,488,731	(2,488,731)	—
Net loss	\$ (5,484,194)	\$ (12,312,380)	\$ 6,828,186	(55.5) %

### Revenue

Revenue consists primarily of research grants from Biomedical Advanced Research and Development Authority, or BARDA, and the National Institute of Allergy and Infectious Diseases, or NIAID, in the United States for our anthrax vaccine product candidates. These grants consist of cost reimbursement contracts, with a fixed fee based on either costs or milestones.



Revenue decreased by \$0.79 million, or 32.7%, for the three months ended June 30, 2019 as compared to the same period in 2018. The increase was primarily the result of:

- a decrease of \$0.34 million in BARDA revenue due directly to changes in spending on the NasoShield program; and
- a decrease of \$0.45 million in NIAID revenue due to the activities diminishing under the SparVax-L program as it approaches conclusion.

Revenue decreased by \$0.53 million, or 10.3%, for the six months ended June 30, 2019, as compared to the same period in 2018. The increase was primarily the result of:

- an increase of \$0.53 million in BARDA revenue due directly to changes in spending on the NasoShield program; and
- a decrease of \$1.06 million in NIAID revenue due to the activities diminishing under the SparVax-L program as it approaches conclusion.

#### *Research and development expenses*

Research and development operating expense decreased by \$1.97 million, or 40.1%, for the three months ended June 30, 2019 as compared to the same period in 2018. The decrease was primarily the result of:

- a decrease of \$1.45 million due to timing of clinical trial and manufacturing development activities for NasoVAX;
- a decrease of \$0.58 million due to timing of a clinical trial and related activities for HepTcell;
- a decrease of \$0.26 million due to reduced development cost for SparVax-L as it approaches conclusion;
- a decrease of \$0.24 million due to timing of clinical trial and manufacturing development activities for NasoShield;
- a decrease of \$0.06 million in non-project specific research and development costs including employee compensation and facility costs; and
- an increase of \$0.62 million due to transaction costs incurred with respect to the Spitfire acquisition.

Research and development operating expense decreased by \$4.50 million, or 42.2%, for the six months ended June 30, 2019, as compared to the same period in 2018. The decrease was primarily the result of:

- a decrease of \$3.12 million due to timing of clinical trial and manufacturing development activities for NasoVAX;
- a decrease of \$1.56 million due to timing of a clinical trial and related activities for HepTcell;
- a decrease of \$0.60 million due to reduced development cost for SparVax-L as it approaches conclusion;
- a decrease of \$0.25 million in non-project specific research and development costs including employee compensation and facility costs;
- an increase of \$0.41 million due to timing of clinical trial and manufacturing development activities for NasoShield; and
- an increase of \$0.62 million due to due to transaction costs incurred with respect to the Spitfire acquisition.

#### *General and administrative expenses*

General and administrative expense decreased by \$0.7 million, or 23.9%, for the three months ended June 30, 2019 and by \$1.1 million, or 20.1% for the six months ended June 30, 2019, as compared to the same periods in 2018 primarily due to a reduction in labor, legal and professional costs.

#### *Goodwill impairment*

Goodwill impairment charges reported during the six months ended June 30, 2018 represented an adjustment recorded during the measurement period to reduce the tax refund receivable acquired in connection with a 2017 business combination. We recorded adjustments to the purchase price allocation resulting in a net decrease in tax refunds receivable, with a corresponding net increase in goodwill, of \$490,676. As goodwill related to this transaction had previously been determined to be fully impaired, we recognized an impairment charge of \$490,676. The purchase price allocation was considered final in May 2018, and no further adjustments were recorded.

#### *Other income (expense)*

Other income (expense) decreased by \$5.4 million and \$3.8 million during the three and six months ended June 30, 2019, respectively, as compared to the same periods in 2018. The decreases are primarily due to changes in the fair value of warrant liability and embedded derivatives.

#### *Income tax benefit*

We recorded no income tax benefit or expense for the three and six months ended June 30, 2019, as compared to an income tax benefit of \$1.5 million and \$2.5 million for the same respective periods in 2018. We had a valuation allowance against most of the deferred tax assets. During the three and six months ended June 30, 2019, we did not identify any discrete items, therefore all of our tax loss was applied to the valuation allowance. During the six months ended June 30, 2018, our income tax benefit included \$1.5 million for our projected 2018 unlimited

lived Federal net operating loss determined to be realizable, \$0.7 million due to Maryland state net operating losses, and discrete tax benefits of \$0.3 million related to a change in estimate.

## Liquidity and Capital Resources

### Overview

Our primary sources of cash during the six months ended June 30, 2019 was the cash on-hand as of January 1, 2019 and the receipt of \$12.7 million in proceeds from the Registered Direct Offering. Our cash and cash equivalents were \$41.7 million at June 30, 2019. We believe, based on the operating cash requirements and capital expenditures expected for 2019, our cash on hand at June 30, 2019, and revenue from our government sponsored contracts, are sufficient to fund operations for at least a twelve-month period from the issuance date of our June 30, 2019 financial statements.

We have not generated any revenues from the sale of any products to date, and there is no assurance of any future revenues from product sales. Our sources of revenue consist of revenues under our contract with BARDA and NIAID for the development of NasoShield and SparVax-L, respectively, and to a lesser degree from other licensing arrangements. We have incurred significant losses since we commenced operations. As of June 30, 2019, we had accumulated losses of \$122.3 million since our inception. In addition, we have not generated positive cash flows from operations. We have had to rely on a variety of financing sources, including the issuance of debt and equity securities. As capital resources are consumed to fund our research and development activities, we may not have sufficient capital to fund our plan of operations. In order to address our capital needs, including our planned clinical trials, we must continue to actively pursue additional equity or debt financing, government funding, and monetization of our existing programs through partnership arrangements or sales to third parties.

In July 2016, we signed a five-year contract with BARDA. The contract, as amended, has a total value of up to \$130.0 million and is used to fund clinical development of NasoShield. Under the contract, BARDA pays us a fixed fee and reimburses certain costs for the research and development of an Ad5-vectored, protective antigen-based intranasal anthrax vaccine through cGMP manufacture and conduct of a Phase 1 clinical trial dose ranging assessment of safety and immunogenicity. The contract consists of an initial base performance period providing approximately \$24.1 million in funding for the period July 2016 through November 2019. BARDA has seven options to extend the contract to fund certain continued development and manufacturing activities for the anthrax vaccine, including Phase 2 clinical trials. Each option, if exercised by BARDA, would provide additional funding ranging from approximately \$1.1 million to \$34.4 million for the period November 2019 through July 2021. Through June 30, 2019, we have received an aggregate of approximately \$19.6 million under the current BARDA contract.

We have a NIAID contract that is incrementally funded for the development of SparVax-L. Over the base period of the contract, approximately \$5.2 million was awarded for initial funding, which includes a cost reimbursement component and a fixed fee component payable upon achievement of certain milestones. NIAID exercised options under this agreement to provide additional funding of approximately \$10.1 million and an extension of the period of performance through September 2019. The contract had a maximum total value of up to approximately \$28.1 million if all technical milestones were met and all eight contract options were exercised by NIAID. Work under all exercised options will bring total committed and final funding under the NIAID contract to \$15.3 million. Activities under this contract are substantially complete, and we are seeking additional government funding to advance the program beyond the completion of this contract. No such funding has been identified as of the date of this filing.

### Cash Flows

The following table provides information regarding our cash flows for the three months ended June 30, 2019 and 2018:

	For the Six Months Ended June 30,	
	2019	2018
Net cash provided by (used in):		
Operating activities	\$ (5,173,080)	\$ (3,210,558)
Investing activities	\$ (17,100)	\$ (839,151)
Financing activities	\$ 12,542,963	\$ (3,441,146)

### Operating Activities

Net cash used in operating activities was \$5.2 million for the six months ended June 30, 2019 compared to \$3.2 million during the six months ended June 30, 2018. Our sources of cash provided by operations during the three months ended June 30, 2019 were primarily cash receipts of revenue generated by our BARDA and NIAID contracts. The primary uses of cash from our operating activities include payments for labor and labor-related costs, professional fees, research and development costs associated with our clinical trials, and other general corporate expenditures. The increase in cash used in operations of \$2.0 million year over year is due to a decrease in net loss as adjusted for noncash items of \$3.5 million offset by changes in working capital accounts of \$5.5 million.

### Investing Activities

Net cash used in investing activities was \$0.02 million for the six months ended June 30, 2019 compared to \$0.84 million during the six months ended June 30, 2018. The net cash used in investing activities during 2018 was primarily due to purchases of property and equipment related to the buildout of the Company's new office and laboratory facilities which was completed in 2018.

### *Financing Activities*

Net cash provided by financing activities during the six months ended June 30, 2019 was \$12.5 million compared to net cash used in financing activities of \$3.4 million for the same period in 2018. The net cash provided by financing activities during the six months ended June 30, 2019 was primarily the result of the receipt of \$12.7 million in proceeds from the Registered Direct Offering (as discussed below). The net cash used by financing activities during the six months ended June 30, 2018 was the result of cash paid to redeem preferred stock and retire certain warrants.

### **Financing**

On March 12, 2019, we issued a combined total of 1,500,000 common units and 2,861,370 pre-funded units to certain institutional investors in a registered direct offering or the “Registered Direct Offering”. Each common unit in the Registered Direct Offering was sold at a price of \$3.21 and consisted of one share of our common stock and 0.70 of a warrant to purchase one share of our common stock at an exercise price of \$3.21. Each warrant sold in the Registered Direct Offering was exercisable immediately and expires five years from the date of issuance. Each pre-funded unit in the Registered Direct Offering was sold at a public offering price of \$3.20 and consisted of a pre-funded warrant to purchase one share of our common stock at an exercise price of \$0.01 per share and 0.70 of a warrant to purchase one share of our common stock at an exercise price of \$3.21. The pre-funded warrants were immediately exercisable and were able to be exercised at any time until all of the pre-funded warrants are exercised in full. All of the pre-funded warrants were exercised prior to March 31, 2019. The net proceeds of the Registered Direct Offering were approximately \$12.7 million, after deducting the underwriting discount and offering expenses payable by us. The Registered Direct Offering triggered an adjustment to the exercise price of the warrants issued with the offering of common units and pre-funded units on October 2, 2018 from \$4.1798 to \$2.7568.

### **Current Resources**

We have financed our operations to date principally through proceeds from issuances of our preferred stock, common stock, and warrants. At June 30, 2019, we had \$41.7 million of cash, cash equivalents and restricted cash. Accordingly, management believes that the Company has sufficient capital to fund its plan of operations for at least a twelve-month period from the issuance date of our June 30, 2019 financial statements. However, in order to address our capital needs in the long-term, including our planned clinical trials, we must continue to actively pursue additional equity or debt financing, government funding, and monetization of our existing programs through partnership arrangements or sales to third parties.

### **Off-Balance Sheet Arrangements**

As of June 30, 2019, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as “special purpose” entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide the information required by this Item.

### **Item 4. Controls and Procedures.**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended (“the “Exchange Act”) as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2019, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

#### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2019 identified in connection with the evaluation thereof by our management, including the Chief Executive Officer and Chief Financial Officer, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 1A. Risk Factors

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A, subsection “Risk Factors” in our 2018 Annual Report on Form 10-K filed with the SEC on April 1, 2019, as they could materially affect our business, financial condition or future results of operations. The risks described in our 2018 Annual Report on Form 10-K filed with the SEC on April 1, 2019 are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition and future results of operations. The following information updates, and should be read in conjunction with, the risk factors previously disclosed in Item 1A, subsection “Risk Factors” to Part I of our 2018 Annual Report on Form 10-K filed with the SEC on April 1, 2019. Except as set forth below, there have been no material changes to the risk factors previously disclosed under the caption “Risk Factors” in our 2018 Annual Report on Form 10-K.

#### *We recently completed the acquisition of Spitfire Pharma, Inc. and the failure to successfully integrate its operations could adversely affect our future results.*

Our success will depend, in significant part, on our ability to realize the anticipated benefits from combining our operations with the operations of Spitfire Pharma, Inc. (“Spitfire”). The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in our failure to achieve some or all of the anticipated benefits of the merger. Potential difficulties that may be encountered in the integration process include the following:

- increased operating complexity of our business, requiring greater personnel and resources;
- increased costs in connection with the acquisition and integration;
- using our cash and assets efficiently to develop our business;
- uncertainty related to the value or benefits of intellectual property or technologies acquired;
- potential unknown or currently unquantifiable liabilities associated with the acquisition and our operations; and
- performance shortfalls as a result of the diversion of the management’s attention caused by integrating the companies’ operations.

If the acquired business is not successfully integrated into our company, our business, financial condition and results of operations could be materially adversely affected, as well as our professional reputation. Furthermore, if we are unable to successfully integrate the acquired business and operations, or if there are delays in combining the businesses, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected. Successful integration of the acquired business will depend on our ability to manage these operations, to realize opportunities for revenue growth presented by our products and eliminate certain excess costs of the acquired business.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Default upon Senior Securities

None

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

**Item 6. Exhibits**

<u>No.</u>	<u>Description</u>
10.1	<a href="#">Transition Services Agreement, by and between the Company and Sybil Tasker, M.D., MPH, dated June 17, 2019.</a>
10.2	<a href="#">Release of Claims Agreement, by and between the Company and Dr. Tasker, dated June 17, 2019.</a>
10.3	<a href="#">Employment Agreement, dated June 10, 2019, by and between the Company and William Brown (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on June 12, 2019).</a>
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a)</a>
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a)</a>
32.1	<a href="#">Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code</a>
32.2	<a href="#">Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code</a>
101.INS	Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

# This certification will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused the report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALTIMMUNE, INC.

Dated: August 13, 2019

By: /s/ Vipin K. Garg  
Name: Vipin K. Garg  
Title: President and Chief Executive Officer (Principal Executive Officer)

Dated: August 13, 2019

By: /s/ Will Brown  
Name: Will Brown  
Title: Chief Financial Officer (Principal Financial and Accounting Officer)



**ALTIMMUNE, INC.  
TRANSITION SERVICES AGREEMENT**

This Transition Services Agreement (the “Agreement”) is dated as of the 17th day of June, 2019 ( the “Effective Date”), by and between **Altimmune, Inc.**, a Delaware corporation (“Altimmune” or “Company”), having a place of business at 910 Clopper Road, Gaithersburg, Maryland 20878 and Sybil Tasker, doing business as Tropical and Infectious Disease Resources, LLC, based at 24 Falls Lane #5, PO Box 629, Jackson NH 03846 (“Consultant”).

1. Transition Period. Consultant confirms that Consultant has resigned Consultant’s employment from Company without Good Reason under the Employment Agreement (defined below), and that such resignation shall be effective as of the Employment End Date (as defined below). If Consultant enters into and complies with this Agreement, Consultant will continue to be employed until June 30, 2019, unless Consultant resigns or Consultant is terminated by Company for Cause (as defined in Consultant’s Employment Agreement between Consultant and Company dated April 4, 2016 (the “Employment Agreement”)) prior to that date. Consultant’s last day of employment, whether it is June 30, 2019 or an earlier date, shall be referred to as the “Employment End Date.” The time period between the date of this Agreement and the Employment End Date shall be referred to as the “Employment Transition Period.” During the Employment Transition Period, Consultant will (i) continue to provide Consultant’s existing services to Company; and (ii) provide such other services as the Chief Executive Officer (the “CEO”) or the CEO’s designee request. Consultant shall continue to receive Consultant’s current salary and benefits as a regular employee during the Employment Transition Period except Consultant will not accrue any vacation during the Employment Transition Period. Consultant’s existing equity rights shall remain subject to the applicable Stock Option Agreement and Company’s 2017 Omnibus Incentive Plan (the “Equity Documents”) in all respects. Consultant’s benefits will cease on the Employment End Date, provided that if Consultant elects and remains eligible for COBRA Consultant may continue Consultant’s group benefits during the applicable COBRA period at Consultant’s own sole expense, subject to COBRA’s requirements.

2. Engagement of Services. Provided Consultant does not resign and is not terminated by Company for Cause prior to the Employment End Date (in either such case, an “Early Employment Termination”), after the Employment End Date and until this Agreement is terminated as provided herein (such period, the “Consulting Period”), Consultant shall serve as a consultant of Company. During the Consulting Period, Consultant hereby agrees to provide consulting services to Altimmune on an as needed basis to provide review and analysis in areas of their expertise to support clinical operations, program development, grants, contracts and other areas as mutually agreed. Consultant recognizes that Altimmune is engaged in a continuous program of research, development, production, and commercialization of vaccines and other therapies, and that, as part of Consultant’s assistance to Altimmune pursuant to this Agreement, Consultant may, and indeed Altimmune hopes will, make innovative contributions and inventions of value to Altimmune.

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3. Compensation; Timing. In consideration for the consulting services provided during the Consulting Period, Altimune will compensate Consultant with the following:

a. Consulting Fee. An hourly “Consulting Fee” of three hundred Dollars per hour (\$300/hour), for each hour of service provided. Subject to the terms in Paragraph 9, Altimune agrees to pay Consultant in fifty-hour increments on July 1, 2019, August 1, 2019, September 1, 2019, October 1, 2019, November 1, 2019, and December 1, 2019. If Consultant exceeds fifty hours in any of the six months, Consultant shall invoice Company for services rendered on a monthly basis and such invoice will be paid within thirty (30) days after receipt by the Company. Notwithstanding the foregoing, (i) the Consulting Fee shall not exceed twenty thousand dollars per month without prior written approval; and (ii) if Company disputes any invoice under Paragraph 3(a) or 3(b) in good faith, the parties agree to work promptly in good faith to resolve any such dispute, and during such time the deadline for payment of the invoice shall be extended.

b. Expense Reimbursement. Altimune will reimburse Consultant’s reasonable travel and other out-of-pocket expenses incurred by Consultant from time to time at Altimune’s request. Any expenses in excess of one-hundred dollars (\$100) must be pre-approved by Altimune. Consultant will be reimbursed for such expenses no later than thirty (30) days after Altimune’s receipt of Consultant’s invoice, provided that reimbursement for expenses may be delayed until such time as Consultant has furnished such documentation for authorized expenses as Altimune may reasonably request.

4. Independent Contractor Relationship. Consultant’s relationship with Altimune is that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship. Consultant will not be entitled to any of the benefits which Altimune may make available to its employees, including, but not limited to, group health or life insurance, profit-sharing or retirement benefits. Consultant is not authorized to make any representation, contract or commitment on behalf of Altimune unless specifically requested or authorized in writing to do so by Altimune’s President & CEO. Consultant is solely responsible for, and will file, on a timely basis, all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of services and receipt of fees under this Agreement. Consultant is solely responsible for, and must maintain adequate records of, expenses incurred in the course of performing services under this Agreement. No part of Consultant’s compensation will be subject to withholding by Altimune for the payment of any social security, federal, state or any other employee payroll taxes. Altimune will regularly report amounts paid to Consultant by filing Form 1099-MISC with the Internal Revenue Service as required by law.

5. Intellectual Property Rights.

5.1 Disclosure and Assignment of Innovations:

(a) Innovations; Altimune Innovations. “Innovations” includes processes, machines, compositions of matter, improvements, inventions (whether or not

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protectable under patent laws), works of authorship, information fixed in any tangible medium of expression (whether or not protectable under copyright laws), moral rights, mask works, trademarks, trade names, trade dress, trade secrets, know-how, ideas (whether or not protectable under trade secret laws), and all other subject matter protectable under patent, copyright, moral right, mask work, trademark, trade secret or other laws, and includes, without limitation, all new or useful art, combinations, discoveries, formulae, manufacturing techniques, technical developments, discoveries, artwork, software, and designs. “Altimmune Innovations” are Innovations that Consultant, solely or jointly with others, conceives, reduces to practice, creates, derives, develops or makes within the scope of Consultant’s work for Altimmune under this Agreement.

(b) Disclosure of Ownership of Altimmune Innovations. Consultant agrees to make and maintain adequate and current records of all Altimmune Innovations, which records shall be and remain the property of Altimmune. Consultant agrees to promptly disclose to Altimmune every Altimmune Innovation. Consultant hereby does and will assign to Altimmune or Altimmune’s designee, Consultant’s entire worldwide right, title and interest in and to all Altimmune Innovations and all associated records and intellectual property rights.

(c) Assistance. Consultant agrees to execute, upon Altimmune’s request, a signed transfer of Altimmune Innovations to Altimmune in the form attached as EXHIBIT A for each of Altimmune’s Innovations, including, but not limited to, computer programs, notes, sketches, drawings and reports. Consultant agrees to assist Altimmune in any reasonable manner to obtain, perfect and enforce, for Altimmune’s benefit, Altimmune’s rights, title and interest in any and all countries, in and to all patents, copyrights, moral rights, mask works, trade secrets, and other property rights in each of Altimmune’s Innovations. Consultant agrees to execute, when requested, for each of Altimmune’s Innovations (including derivative works, improvements, renewals, extensions, continuations, divisionals, continuations in part, or continuing patent applications thereof), (i) patent, copyright, mask work or similar applications related to such Altimmune Innovation, (ii) documentation (including, without limitation, assignments) to permit Altimmune to obtain, perfect and enforce Altimmune’s right, title and interest in and to such Altimmune Innovation, and (iii) any other lawful documents deemed necessary by Altimmune to carry out the purpose of this Agreement. If called upon to render assistance under this paragraph, Consultant will be entitled to a fair and reasonable fee in addition to reimbursement of authorized expenses incurred at the prior written request of Altimmune. In the event that Altimmune is unable for any reason to secure Consultant’s signature to any document is required to execute under this Paragraph 5.1(c), Consultant hereby irrevocably designates and appoints Altimmune and Altimmune’s duly authorized officers and agents as Consultant’s agents and attorneys-in-fact to act for and in Consultant’s behalf and instead of Consultant, to execute such document with the same legal force and effect as if executed by Consultant.

## 5.2 Confidential Information.



(a) Definition of Confidential Information. “Confidential Information” as used in this Agreement shall mean any and all technical and non-technical information including patent, copyright, trade secret, and proprietary information, techniques, sketches, drawings, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, and formulae related to the current, future and proposed product and services of Altimune, Altimune’s suppliers and customers, and includes, without limitation, Altimune Innovations, Altimune Property, and Altimune’s information concerning research, experimental work, development, design details and specifications, engineering, financial information, procurement requirements, purchasing manufacturing, customer lists, business forecasts, sales and merchandising and marketing plans and information.

(b) Nondisclosure and Nonuse Obligations. Except as permitted in this paragraph, Consultant shall neither use nor disclose the Confidential Information. Consultant may use the Confidential Information solely to perform the consulting services bargained in this Agreement for the benefit of Altimune. Consultant agrees that Consultant shall treat all Confidential Information of Altimune with the same degree of care as Consultant accords to Consultant’s own Confidential Information, but in no case less than reasonable care. Consultant agrees not to communicate any information to Altimune in violation of the proprietary rights of any third party. Consultant will immediately give notice to Altimune of any unauthorized use or disclosure of the Confidential Information. Consultant agrees to assist Altimune in remedying any such unauthorized use or disclosure of the Confidential Information.

(c) Exclusion from Nondisclosure and Nonuse Obligations. Consultant’s obligations under Paragraph 5.2(b) (“Nondisclosure and Nonuse Obligations”) with respect to any portion of the Confidential Information shall not apply to any such portion which Consultant can demonstrate: (a) was in the public domain at or subsequent to the time such portion was communicated to Consultant by Altimune through no fault of Consultant; (b) was rightfully in Consultant’s possession free of any obligation of confidence at or subsequent to the time such portion was communicated to Consultant by Altimune; or (c) was developed by Consultant independently of and without reference to any information communicated to Consultant by Altimune. A disclosure of Confidential Information by Consultant, either (a) in response to a valid order by a court or other governmental body, (b) otherwise required by law, or (c) necessary to establish the rights of either party under this Agreement, shall not be considered to be a breach of this Agreement or a waiver of confidentiality for other purposes; provided, however, that Consultant shall provide prompt prior written notice thereof to Altimune to enable Altimune to seek a protective order or otherwise prevent such disclosure.

5.3 Ownership and Return of Altimune Property. All materials (including, without limitation, documents, drawings, models, apparatus, sketches, designs, lists, and all other



tangible media of expression) furnished to Consultant by Altimune, whether delivered to Consultant by Altimune or made by Consultant in the course of performing the consulting services bargained for in this Agreement (collectively, the “Altimune Property”) are the sole and exclusive property of Altimune or Altimune’s suppliers or customers, and Consultant hereby does and will assign to Altimune all rights, title and interest Consultant may have or acquire in Altimune’s Property. Consultant agrees to keep all Altimune Property at Consultant’s premises unless otherwise permitted in writing by Altimune. At Altimune’s request, and no later than five (5) days after such request, Consultant shall destroy or deliver to Altimune, at Altimune’s option, (a) all Altimune Property, (b) all tangible media of expression in Consultant’s possession or control which incorporate or in which are fixed any Confidential Information, and (c) written certification of Consultant’s compliance with Consultant’s obligations under this sentence.

5.4 Observance of Altimune Rules. At all times while on Altimune’s premises, Consultant will observe Altimune’s rules and regulations with respect to conduct, health and safety and protection of persons and property.

5.5 Protected Disclosures and Other Protected Actions; Defend Trade Secrets Act Notice. Nothing contained in this Agreement limits Consultant’s ability to file a charge or complaint with any federal, state or local governmental agency or commission (a “Government Agency”). In addition, nothing contained in this Agreement limits Consultant’s ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including Consultant’s ability to provide documents or other information, without notice to Company, nor does anything contained in this Agreement apply to truthful testimony in litigation. If Consultant files any charge or complaint with any Government Agency and if the Government Agency pursues any claim on Consultant’s behalf, or if any other third party pursues any claim on Consultant’s behalf, Consultant waives any right to monetary or other individualized relief (either individually, or as part of any collective or class action); *provided* that nothing in this Agreement limits any right Consultant may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission. Consultant understand that pursuant to the Defend Trade Secrets Act of 2016, Consultant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

6. Preserved Obligations.

6.1 Sections 7, 11 and 12 of the Employment Agreement, including the six month post-employment noncompetition and employee and customer nonsolicitation provisions



contained therein (the “Preserved Obligations”) shall remain in full effect in accordance with their terms and are incorporated by reference herein. With respect to this Paragraph 6 (“Preserved Obligations”), Paragraph 8 (“No Conflicts of Interest”), and Paragraph 10 (“Noninterference with Business”), in the event Consultant is solicited to be engaged or employed, or seeks to be engaged or employed, by a person or entity that is or may be a competitor or pose a conflict of interest with Altimmune (in any such case, a “Potential Conflict”), Consultant shall disclose such Potential Conflict in writing to the CEO. If Consultant requests the CEO to engage in such Potential Conflict, the CEO may approve or deny such request in the CEO’s discretion, *provided* that the CEO’s approval shall not be withheld unreasonably or in bad faith.

6.2 Consistent with Section 6(f) of Consultant’s Employment Agreement, Consultant shall be deemed to have resigned, as of the Employment End Date, from and with respect to all positions Consultant then holds as an officer, director or employee with Company and/or any of its affiliates.

7. Nondisparagement. Consultant agrees not to make any oral or written disparaging statements (including through social media) concerning Company or any of its affiliates or current or former officers, directors, shareholders, employees or agents. Consultant further agrees not to take any actions or conduct herself in any way that would reasonably be expected to affect adversely the reputation or goodwill of Company or any of its affiliates or any of its current or former officers, members, directors, shareholders, employees or agents. These non-disparagement obligations shall not in any way affect Consultant’s obligation to testify truthfully in any legal proceeding

8. No Conflict of Interest. During the term of this Agreement, Consultant will not accept work, enter into a contract, or accept an obligation, inconsistent or incompatible with Consultant’s obligations, or the scope of service rendered for Altimmune, under this Agreement. Consultant warrants that, to the best of Consultant’s knowledge, there is no other contract or duty on Consultant’s part which conflicts with or is inconsistent with this Agreement.

9. Term and Termination.

9.1 Term. This Agreement is effective as of the Effective Date and will terminate on December 31, 2019, unless earlier terminated in accordance with the Agreement’s terms. The Agreement may be extended by mutual agreement in writing.

9.2 Termination by Altimmune. This Agreement shall terminate upon any Early Employment Termination. In addition, Altimmune may terminate this Agreement without cause at any time, with termination effective fifteen (15) days after Altimmune’s delivery to Consultant of written notice of termination. Altimmune also may terminate this Agreement (i) immediately upon Consultant’s breach of Paragraph 5 (“Intellectual Property Rights”), 6



("Preserved Obligations"), 7 ("Nondisparagement"), 8 ("No Conflict of Interest") or 10 ("Noninterference with Business"), or (ii) thirty (30) days after Altimmune's delivery to Consultant of written notice of Consultant's material breach of any other provision or obligation owed by Consultant under this Agreement which is not cured within such thirty (30) day period. In the event of termination of this Agreement, Consultant will refund Altimmune for the excess of the hours paid (Paragraph 3.a.) less the actual hours incurred by Consultant multiplied by the hourly rate of \$300.

9.3 Termination by Consultant. Consultant may terminate this Agreement without cause at any time, with termination effective fifteen (15) days after Consultant's delivery to Altimmune of written notice of termination, *provided* that any such termination during the Employment Transition Period shall constitute an Early Employment Termination. Consultant also may terminate this Agreement for material breach by Altimmune if Altimmune has not cured the breach within thirty (30) days of receiving written notice from Consultant. In the event of termination by Consultant, Consultant will refund Altimmune for the excess of the hours paid (Paragraph 3.a.) less the actual hours incurred by Consultant multiplied by the hourly rate of \$300.

9.4 Survival. The definitions contained in this Agreement and the rights and obligations contained in Paragraphs 5 ("Intellectual Property Rights") 6 ("Preserved Obligations"), 7 ("Nondisparagement"), 10 ("Noninterference with Business") and 11 ("General Provisions"), will survive any termination or expiration of this Agreement in accordance with their terms.

10. Noninterference with Business. During this Agreement, and for a period of one (1) year immediately following this Agreement's termination or expiration, Consultant agrees not to compete with the business of Altimmune in any manner, solicit any of Altimmune's customers to terminate or reduce their relationship with Altimmune, or solicit or induce any employee or independent contractor to terminate or breach an employment, contractual or other relationship with Altimmune.

11. General Provisions.

11.1 Successors and Assigns. Consultant may not subcontract or otherwise delegate Consultant's obligations under this Agreement without Altimmune's prior written consent. Subject to the foregoing, this Agreement will be for the benefit of Altimmune's successors and assigns, and will be binding on Consultant's assignees.

11.2 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows, with notice deemed given as indicated: (a) by personal delivery, when delivered personally; (b) by overnight courier, upon written verification of receipt; (c) by telecopy or facsimile transmission, upon acknowledgment of receipt of electronic



transmission; or (d) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses set forth above or to such other address as either party may specify in writing.

11.3 Governing Law. This Agreement shall be governed in all respects by the laws of the United States of America and by the laws of the State of Maryland.

11.4 Severability. If any provision of this Agreement is held by a court of law to be illegal, invalid or unenforceable, (i) that provision shall be deemed amended to achieve as nearly as possible the same economic effect as the original provisions, and (ii) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby.

11.5 Waiver; Amendment; Modification. No term or provision hereof will be considered waived by Altimune, and no breach excused by Altimune, unless such waiver or consent is in writing signed by Altimune. The waiver by Altimune of, or consent by Altimune to, a breach of any provision of this Agreement by Consultant shall not operate or be construed as a waiver of, consent to, or excuse of any other or subsequent breach by Consultant. This Agreement may be amended or modified only by mutual agreement of authorized representatives of the parties in writing.

11.6 Injunctive Relief for Breach. Consultant's obligations under this Agreement are of a unique character that gives them particular value; Consultant's breach of any of such obligations will result in irreparable and continuing damage to Altimune for which there will be no adequate remedy at law; and, in the event of such breach, Altimune will be entitled to injunctive relief and/or a decree for specific performance, and such other or further relief as may be proper (including monetary damages if appropriate).

11.7 Entire Agreement. This Agreement (which, to avoid doubt, includes the Preserved Obligations) and the Equity Documents constitute the entire agreement between the parties relating to this subject matter and supersede all prior or contemporaneous oral or written agreements concerning such subject matter, including without limitation the Employment Agreement. The terms of this Agreement will govern all services undertaken by Consultant for Altimune.

12. No Additional Compensation and Benefits. Company shall pay Consultant the Accrued Obligations, as defined in the Employment Agreement. Other than the Accrued Obligations, Consultant acknowledges and agrees that Consultant is not entitled to any other compensation or benefits in connection with Consultant's employment by Company, including without limitation any severance or incentive compensation, except for such compensation and benefits as are expressly provided in Paragraph 1 with respect to the Employment Transition Period. To avoid doubt, the foregoing sentence does not apply to any compensation (including



equity compensation) granted to Consultant in connection with Consultant's consulting relationship with Company.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**ALTIMMUNE, INC.**

**CONSULTANT**

By: /s/ Will Brown  
Will Brown, Chief Financial Officer

By: /s/ Sybil Tasker  
Sybil Tasker



EXHIBIT A

ASSIGNMENT OF ALTIMMUNE INNOVATIONS

For good and valuable consideration which has been received, the undersigned sells, assigns and transfers to **ALTIMMUNE, INC.** (“Altimmune”), and Altimmune’s successors and assigns, and Altimmune accepts such sale, assignment and transfer of all rights, title and interest of **CONSULTANT**, vested and contingent, in and to Altimmune’s Innovations, and all associated intellectual property rights (including, without limitation, patent, copyright, moral right, mask-work, and trade secret rights), which were conceived, reduced to practice, created, derived, developed or made during the course of the services performed under the Consulting Agreement between Altimmune and Consultant dated as of 201\_. Such Altimmune Innovations are more particularly identified in Schedule 1 hereto.

Executed as of 201\_.

**ALTIMMUNE, INC.**

**Consultant**

By:  
Will Brown, Chief Financial Officer

By:  
Sybil Tasker





SCHEDULE 1

ASSIGNMENT OF ALTIMMUNE INNOVATIONS

### Release of Claims

This is a Release of Claims Agreement (the "Agreement") dated June 17, 2019 between Altimmune, Inc. ("Company") and Sybil Tasker ("Consultant").

1. Consideration. In consideration for this Agreement, in connection with Consultant's anticipated consulting relationship with Company, and subject to the approval of Company's Board of Directors, Company shall, as soon as practicable after the Effective Date (as defined in Section 3) grant Consultant a nonqualified option to purchase up to 20,000 shares of Company's common stock, subject to such vesting and other conditions as are set forth in the applicable Equity Documents (as defined in the Transition Services Agreement between Consultant and Company dated June 17, 2019 (the "Transition Services Agreement")) (such grant, the "Option Grant").
  2. Release of Claims. In consideration for the Option Grant and for Consultant's eligibility for compensation in connection with Consultant's consulting relationship with Company, Consultant voluntarily releases and forever discharges Company, its affiliated and related entities, its and their respective predecessors, successors and assigns, its and their respective employee benefit plans and fiduciaries of such plans, and the current and former officers, directors, shareholders, employees, attorneys, accountants and agents of each of the foregoing in their official and personal capacities (collectively referred to as the "Releasees") generally from all claims, demands, debts, damages and liabilities of every name and nature, known or unknown ("Claims") that, as of the date when Consultant signs this Agreement, Consultant has, ever had, now claims to have or ever claimed to have had against any or all of the Releasees. This release includes, without limitation, all Claims: relating to Consultant's employment by and termination of employment with Company; Claims under the Age Discrimination in Employment Act, any Claim under Title 20 of the State Government Article of the Maryland Annotated Code; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.
  3. Consideration and Revocation Period. Consultant acknowledges that Consultant has been given the opportunity to consider this Agreement for twenty-one (21) days before signing it (the "Consideration Period") and that Consultant has knowingly and voluntarily entered into this Agreement. Consultant acknowledges that the above release of claims expressly includes without limitation claims under the Age Discrimination in Employment Act. Consultant is advised to consult with an attorney before signing this Agreement. To accept this Agreement, Consultant must return a signed original or a signed PDF copy of this Agreement so that it is received by the undersigned at or before the expiration of the Consideration Period. If Consultant signs this Agreement before the end of the Consideration Period, Consultant acknowledges by signing this Agreement that such decision was entirely voluntary and that Consultant had the opportunity to consider this Agreement for the entire Consideration Period. For the period of seven (7) days from the date when Consultant signs this Agreement, Consultant has the right to revoke this Agreement by written notice to the undersigned. For such a revocation to be effective, it must be delivered so that it is received by the undersigned at or before the
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expiration of the seven (7) day revocation period (the “Revocation Period”). This Agreement shall not become effective or enforceable during the Revocation Period. Provided that Consultant does not revoke this Agreement during the Revocation Period, the Agreement will become effective on the day after the Revocation Period ends (the “Effective Date”).

4. Preserved Obligations. The Preserved Obligations and the Equity Documents (each as defined in the Transition Services Agreement) shall remain in full effect in accordance with their terms and are incorporated by reference herein.
5. Governing Law. This Agreement shall be governed in all respects by the laws of the United States of America and by the laws of the State of Maryland.
6. Entire Agreement. This Agreement, the Transition Services Agreement, the Preserved Obligations and the Equity Documents constitute the entire agreement between the parties concerning the subject matter herein and supersede all prior or contemporaneous oral or written agreements concerning such subject matter, including without limitation the Employment Agreement (as defined in the Transition Services Agreement).

Accepted and agreed:

**ALTIMMUNE, INC.**

By: /s/ Will Brown  
Will Brown, Chief Financial Officer

**CONSULTANT**

By: /s/ Sybil Tasker  
Sybil Tasker

**Certification of Principal Executive Officer  
Pursuant to SEC Rule 13a-14(a)/15d-14(a)**

I, Vipin K. Garg, certify that:

1. I have reviewed this report on Form 10-Q of Altimune, Inc. for the period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2019

/s/ Vipin K. Garg

Name: Vipin K. Garg

Title: President and Chief Executive Officer  
(Principal Executive Officer)

**Certification of Principal Financial Officer  
Pursuant to SEC Rule 13a-14(a)/15d-14(a)**

I, Will Brown, certify that:

1. I have reviewed this report on Form 10-Q of Altimune, Inc. for the period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 13, 2019

/s/ Will Brown

Name: Will Brown  
Title: Chief Financial Officer  
(Principal Financial Officer)

**Certification Pursuant to Section 1350 of Chapter 63  
of Title 18 of the United States Code**

In connection with the quarterly report on Form 10-Q of Altimmune, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission (the "Report"), I, Vipin K. Garg, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Vipin K. Garg

Vipin K. Garg  
President and Chief Executive Officer  
August 13, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

**Certification Pursuant to Section 1350 of Chapter 63  
of Title 18 of the United States Code**

In connection with the quarterly report on Form 10-Q of Altimune, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission (the "Report"), I, Will Brown, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Will Brown

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Will Brown

Chief Financial Officer

August 13, 2019

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.