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Cocrystal Pharma Reports First Quarter 2020 Financial Results and Provides Updates on Antiviral Programs

- Company has sufficient capital to advance pipeline and fund operations through 2021 -

BOTHELL, WA, May 14, 2020 (GLOBE NEWSWIRE) -- [Cocrystal Pharma, Inc](#) (NASDAQ: COCP), ("Cocrystal" or the "Company"), a clinical stage biotechnology company discovering and developing novel antiviral therapeutics, today announced its financial results for the quarter ended March 31, 2020 and provided program updates.

Recent Highlights

- Entered into license agreement with Kansas State University Research Foundation ("KSURF") to further develop certain proprietary broad-spectrum antiviral compounds for the treatment of norovirus and coronavirus infections ("COVID-19").
- Entered into additional license agreement with KSURF to include rights to additional preclinical leads and further develop certain proprietary broad-spectrum antiviral compounds for the treatment of coronavirus infections.
- Appointed Nobel Laureate and Scientific Advisor, Roger D. Kornberg, Ph.D., to its Board of Directors.
- Completed the final report of U.S. Phase 2a clinical trial evaluating CC-31244 combination therapy for the ultrashort combination treatment of individuals infected with hepatitis C virus ("HCV"), confirming the previously released data that it is effective and well tolerated.
- Completed three registered direct offerings since January 31, 2020 for combined total gross proceeds of \$20 million, before deducting placement agent fees and offering expenses.
- The Company's Bothell, WA research lab remains open for essential operations as it continues to work while meeting COVID-19 quarantine challenges.

"We are pleased with the progress we have made over the course of the first quarter, despite the challenges due to the COVID-19 pandemic. The fundamentals of Cocrystal have never been stronger. Importantly, the Company has a strong cash position, with capital that we expect will be sufficient to fund our operations through 2021. Our pipeline of novel antivirals in development includes treatments for two of the most prevalent viruses affecting the globe: COVID-19 and influenza. By leveraging our novel platform technology, we believe Cocrystal is well positioned to continue addressing the shortcomings in the treatment of viruses with significant unmet needs, as well as develop safe and effective antiviral therapies for new or resistant viruses as they arise," commented Dr. Gary Wilcox, Chairman and Chief Executive Officer of Cocrystal.

Development Programs Overview

Influenza A/B Inhibitors: Merck Collaboration

Exclusive license and collaboration agreement with Merck to discover and develop certain proprietary influenza A/B antiviral agents.

Cocrystal's exclusive license and collaboration agreement with Merck Sharp & Dohme Corp. ("Merck") to discover and develop certain proprietary influenza A/B antiviral agents remains ongoing. Cocrystal has been working with the scientific leadership at Merck over the past year in advancing the joint influenza A/B program. Merck, a global healthcare company with a history of over 125-years of drug discovery and innovation, has funded the collaborative influenza A/B program and could potentially provide up to \$156 million in milestone payments as the collaboration proceeds through clinical and commercial development. The research and collaboration agreement with Merck also provides for royalties following commercialization.

CC-42344: Influenza A Program:

Novel, broad spectrum influenza antivirals that are specifically designed to be effective against all significant A strains of the influenza virus and to have a high barrier to resistance due to the way they target the virus' replication machinery.

The Company's lead molecule in development, CC-42344, is currently being evaluated in preclinical IND-enabling studies for the treatment of influenza. CC-42344 has shown excellent antiviral activity against influenza A strains, including avian pandemic strains and Tamiflu[®] resistant strains, and shows a favorable pharmacokinetic and safety profile.

Cocrystal is currently working to secure its supply chain and initiate its second lot of API synthesis for its influenza A program in Q3 2020. Subject to any additional delays due to the evolving COVID-19 pandemic, Cocrystal expects to file its regulatory submission and commence its Phase 1a study in 2021.

COVID-19 Coronavirus Program:

Aggressively pursuing the development of novel antiviral compounds for the treatment of coronavirus infections using our established proprietary drug discovery platform.

The Company is currently advancing its Coronavirus program by leveraging the rights to preclinical leads from its license agreements with KSURF to further develop certain proprietary broad-spectrum antiviral compounds for the treatment of coronavirus (COVID-19) infections. The additional compounds licensed from KSURF have demonstrated both *in vitro* and *in vivo* activity in animal models against the viral pathogens causing MERS and SARS, coronaviruses that are structurally similar to SARS-CoV-2, which is responsible for the COVID-19 pandemic.

Cocrystal initiated its preclinical studies of COVID-19 inhibitors received from KSURF during Q2 2020, and further intends to identify additional COVID-19 inhibitors from KSURF utilizing its proprietary platform technology over the course of the second and third quarter of this year. The Company also plans to identify additional inhibitors from internal sources using its proprietary platform technology in Q3 2020 and anticipates the selection of its lead preclinical molecule in Q4 2020.

CC-31244: Hepatitis C Program:

Potential best-in-class pan-genotypic inhibitor of NS5B polymerase for the ultra-short combination treatment of hepatitis C infection.

The final study report of Cocrystal's U.S. Phase 2a clinical trial evaluating CC-31244 combination therapy for the ultrashort treatment of hepatitis C virus ("HCV") infected individuals has been completed and confirms the previously released data that it is effective and well tolerated. Partnering efforts are currently underway for the Company's fully owned ultrashort treatment of HCV.

Norovirus Program:

Developing inhibitors of the RNA-dependent RNA polymerase of norovirus.

Cocrystal continues to identify and develop non-nucleoside polymerase inhibitors using its proprietary structure-based drug design technology platform. Cocrystal recently entered into license agreements with KSURF to further develop certain proprietary broad-spectrum antiviral compounds for humans to treat Norovirus and Coronavirus infections. Preclinical activities for Cocrystal's Norovirus program are currently underway. The Company expects to complete its proof-of-concept animal model study in Q4 2020.

Summary of Financial Results for Q1 2020

As of March 31, 2020, Cocrystal had approximately \$21,686,000 cash on hand. Based on management's current projections, the Company believes it has sufficient capital to continue operations through 2021.

For the quarter ended March 31, 2020, the Company had revenues of approximately \$461,000 compared to \$5,078,000 in revenue in the first quarter of 2019. The revenue for the three months ended March 31, 2019 included \$4,368,000 as consideration in exchange for conveyance of intellectual property rights at the signing of the Merck Collaboration Agreement executed on January 2, 2019.

For the quarter ended March 31, 2020, the Company reported net loss of approximately \$1,990,000 compared to a net income of approximately \$2,971,000 for the same period in 2019, primarily due to Merck revenue as explained above.

Total research and development expenses were approximately \$1,283,000 for the three months ended March 31, 2020, compared with \$878,000 for the three months ended March 31, 2019. The increase was primarily due to increases in COVID-19 and Influenza programs. General and administrative expenses were \$1,139,000 for the three months ended March 31, 2020, compared with \$1,323,000 for the three months ended March 31, 2019.

During the first quarter 2020, the Company closed the following offerings of its common stock to certain institutional investors:

- January 29, 2020: Registered direct offering of 3,492,063 shares of common stock at a purchase price per share of \$0.63 for aggregate gross proceeds to the Company of approximately \$2.2 million, before deducting fees payable to the placement agent and other estimated offering expenses payable by the Company. The Company closed the offering on January 31, 2020.

- February 27, 2020: Registered direct offering of 8,461,540 shares of common stock at a purchase price per share of \$1.30 for aggregate gross proceeds to the Company of approximately \$11.0 million, before deducting fees payable to the placement agent and other offering expenses payable by the Company. The Company closed the offering on February 28, 2020.
- March 9, 2020: Registered direct offering of 5,037,038 shares of common stock at a purchase price per share of \$1.35 for aggregate gross proceeds to the Company of approximately \$6.8 million, before deducting fees payable to the placement agent and other offering expenses payable by the Company. The Company closed the offering on March 10, 2020.

About Cocrystal Pharma, Inc.

Cocrystal Pharma, Inc. is a clinical stage biotechnology company discovering and developing novel antiviral therapeutics that target the replication process of influenza viruses, hepatitis C viruses, coronaviruses and noroviruses. Cocrystal employs unique structure-based technologies and Nobel Prize winning expertise to create first- and best-in-class antiviral drugs. For further information about Cocrystal, please visit www.cocrystalpharma.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements related to expected results of our collaboration with Merck, including the potential future milestone payments of up to \$156,000,000 and royalties in connection with the collaboration; the anticipated timing of achieving the value-driving milestones in our influenza A program, including securing a supply chain and initiating the 2nd lot API synthesis in Q3 2020, filing the regulatory submission and commencing the Phase 1a study in 2021; the anticipated timing of achieving the value-driving milestones in our COVID-19 program, including identifying additional COVID-19 inhibitors using the Company's proprietary platform technology in Q2 and Q3 2020, and the selection of a preclinical lead molecule in Q4 2020; the anticipated timing of achieving the value-driving milestones in our norovirus program, including completion of a proof-of-concept animal study in Q4 2020; and our expectations regarding future liquidity. The words "believe," "proceeds," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "could," "target," "potential," "is likely," "will," "expect" and similar expressions, as they relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events. Some or all of the events anticipated by these forward-looking statements may not occur. Important factors that could cause actual results to differ from those in the forward-looking statements include, but are not limited to, the risks arising from the impact of the COVID-19 pandemic on our Company, including (i) supply chain disruptions, (ii) our continued ability to proceed with our programs, and (iii) on the national and global economy, our reliance on certain third parties, our reliance on continuing collaboration with Merck under the collaboration agreement, the future results of preclinical and clinical studies, general risks arising from clinical trials, receipt of regulatory approvals, development of effective treatments and/or vaccines by competitors, any unanticipated

litigation and other expenses and factors that affect the capital markets in general and early stage biotechnology companies specifically. Further information on our risk factors is contained in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2019. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Additional factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Investor and Media Contact:

JTC Team, LLC
(833) 475-8247
COCP@jtcir.com

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