

Cocrystal Pharma Reports Third Quarter 2020 Financial Results and Provides Update on Antiviral Programs

- Continued progress of COVID-19 development programs with additional preclinical studies of coronavirus protease inhibitors (3CL) underway and lead preclinical molecule selection expected by year end –
- Ongoing Merck collaboration to discover and develop influenza A/B antiviral agents –
- Continued advancement of wholly owned Influenza A development program and IND enabling studies towards Phase 1 clinical study in 2021 –
- Successful completion of strategic financing fuels expansion of COVID-19 and Influenza A development programs –

BOTHELL, WA, Nov. 16, 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 September 30, 2020 and provided program updates.

Recent Highlights

- Announced promising *in vitro* and 7-day toxicity data for its influenza A preclinical lead molecule, CC-42344.
- Announced new *in vitro* data demonstrating antiviral activity with lead compound CC-42344 against major Xofluza (baloxavir)-resistant H1N1 strain (I38T).
- Presented at the virtual World Antiviral Conference held on November 12, 2020.
- Closed \$17.2 million bought deal including partial exercise of underwriter's overallotment option.
- Publication by collaborators of data demonstrating potent *in vitro* inhibition against Coronavirus in *Science Translational Medicine* Journal (August 3, 2020).

“We have made significant progress since initiating our COVID-19 program this year by strengthening our patent portfolio around these molecules, conducting a proof of concept animal study, initiating preclinical studies and identifying additional inhibitors using our proprietary platform. Over the course of the last quarter we continued to make progress on multiple fronts. We are pleased with the promising new data we recently announced for our wholly owned influenza A development program and continue to work towards finalizing the Phase 1 study protocol in preparation to initiate the Phase 1 study in 2021,” commented Dr. Gary Wilcox, Chairman and Chief Executive Officer of Cocrystal. “In addition to advancing our development programs, we closed the quarter with \$31.8 million cash, which provides

funding for the expansion of our COVID-19 and influenza A programs. Our team remains keenly focused on executing our milestones to drive shareholder value.”

Development Programs Overview

COVID-19 Coronavirus Programs:

We have two programs that are aggressively pursuing the development of novel antiviral compounds for the treatment of coronavirus infections.

Our first program is with compounds licensed from Kansas State University Research Foundation (“KSURF”) that have demonstrated *in vitro* anti-SARS-CoV-2 (responsible for the COVID-19 pandemic) activity, and *in vivo* efficacy in MERS-CoV-infected animal models. Cocrystal continued preclinical studies of these COVID-19 inhibitors during the third quarter. We anticipate the selection of a lead preclinical molecule by the end of 2020.

Our second program in Covid-19 has identified additional inhibitors using Cocrystal’s proprietary platform technology.

We are evaluating multiple routes of administration of COVID-19 antivirals.

Influenza A/B Inhibitors: Merck Collaboration

We have an exclusive license and collaboration agreement with Merck to discover and develop proprietary influenza A/B antiviral agents.

Cocrystal’s exclusive license and collaboration agreement with Merck Sharp & Dohme Corp. (“Merck”) to discover and develop proprietary influenza A/B antiviral agents is ongoing. Merck has funded the collaborative influenza A/B program and could potentially provide up to \$156 million in milestone payments through clinical and commercial development, plus royalties following commercialization.

The collaboration operates under a Research Operating Plan which includes goals for both organizations. The Company has achieved its anticipated goals through the third quarter of 2020.

CC-42344: Influenza A Program:

Novel, broad spectrum influenza antivirals that are specifically designed to be effective against pandemic and seasonal influenza A strains of the influenza virus and to have a high barrier to resistance due to its novel mechanism of action.

The Company’s fully owned drug candidate CC-42344 is a potent, broad spectrum inhibitor of the influenza replication enzyme targeting the PB2 subunit, and has strong synergistic effects when combined with approved influenza antiviral drugs including Tamiflu (oseltamivir) and Xofluza (baloxavir). Cocrystal has data showing that CC-42344 retained single digit nanomolar potency ($EC_{50} = 0.5 \text{ nM}$) against a Xofluza (baloxavir) resistant influenza A strain (H1N1, I38T). This data can potentially show CC-42344 drug superiority when seeking FDA approval.

The Company plans to complete the ongoing IND-enabling studies and enter into clinical trials in 2021.

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 Company is pursuing partnering opportunities for CC-31244. 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 filed with the FDA. The Company has published with its collaborators from the University of Maryland the results of the Phase 2a study (Journal of Medical Virology, November 5, 2020).

Norovirus Program:

Developing inhibitors targeting Norovirus RNA-dependent RNA polymerase and protease.

Cocrystal continues to identify and develop non-nucleoside polymerase and protease inhibitors using its proprietary structure-based drug design technology platform. Cocrystal recently entered into license agreements with KSURF to further develop proprietary broad-spectrum protease inhibitors to treat Norovirus and Coronavirus infections.

Summary of Financial Results for Q3 2020

As of September 30, 2020, Cocrystal had approximately \$31,781,000 cash on hand.

Revenue recorded for the three and nine months ended September 30, 2020 was \$489,000 and \$1,504,000, respectively, compared with \$492,000 and \$6,162,000 for the three and nine months ended September 30, 2019, respectively. The revenue difference for the nine months ended September 30, 2019 is because that period included \$4,368,000 in initial revenue of intellectual property rights conveyed at the signing of the Merck Collaboration Agreement executed on January 2, 2019.

Research and development expenses for the three and nine months ended September 30, 2020 were \$2,077,000 and \$5,336,000, respectively, compared with \$1,077,000 and \$3,046,000 for the three and nine months ended September 30, 2019, respectively. The increase for the three and nine months ended September 30, 2020 compared to the three and nine months ended September 30, 2019 was primarily due to initiating our COVID-19 program and advancing our Influenza A program in preparation for clinical trials in 2021.

General and administrative expenses for the three and nine months ended September 30, 2020 were \$1,121,000 and \$4,288,000, respectively, compared with \$1,223,000 and \$3,597,000 for the three and nine months ended September 30, 2019, respectively. The decrease for the three months ended September 30, 2020 compared to the three months ended September 30, 2019 was primarily due to decreased litigation costs during the 2020 three-month period. The increase for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was primarily due to higher litigation costs, insurance increases and employee compensation in the first half of 2020.

Net loss for the three and nine months ended September 30, 2020 was \$2,670,000 and \$8,155,000, respectively, compared with a net loss of \$1,780,000 and \$324,000 for the three and nine months ended September 30, 2019, respectively, as a result of revenue and expenses described above.

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, SARS-CoV-2 virus, hepatitis C viruses, and norovirus. Cocrystal employs unique, proprietary, 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 the expected progress of, and the anticipated timing of achieving the value-driving milestones in, our coronavirus program, including the selection of a preclinical lead molecule in Q4 2020; the expected progress of, and the anticipated timing of achieving the value-driving milestones in, our Influenza A program, including the completion of the ongoing IND-enabling studies and commencement of Phase 1 clinical study in 2021; our expectations with respect to CC-42344 drug superiority; and the 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 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 the national and global economy and on our Company, including supply chain disruptions, our continued ability to proceed with our programs, our reliance on certain third parties, our reliance on continuing with Merck under the license and collaboration agreement, the future results of preclinical and clinical studies, general risks arising from clinical trials, receipt of regulatory approvals, and development of effective treatments and/or vaccines by competitors, including as part of the programs financed by the U.S. government. 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, as updated and supplemented by the Quarterly Reports on Form 10-Q for the quarters ended September 30, 2020 and June 30, 2020. 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.

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Source: Cocrystal Pharma, Inc.