April 3, 2017

Cocrystal Pharma Reports Financial Results for Fourth Quarter & Year Ended December 31, 2016 and Provides Company Update

Cocrystal Pharma Reports Financial Results for Fourth Quarter & Year Ended December 31, 2016 and Provides Company Update

ATLANTA, GA and BOTHELL, WA -- (Marketwired) -- 04/03/17 -- Cocrystal Pharma, Inc. (OTCQB: COCP), a company focused on developing novel antiviral therapeutics for human diseases, today announced the filing on Form 10-K of its financial results for the fourth quarter and year ended December 31, 2016, and provided a research and development update.

Year End 2016 Financial Results

Research and Development (R&D) expense for 2016 was $101.7 million, which includes a non-cash charge of $92.4 million, compared to $47.3 million in 2015, which includes a non-cash charge of $38.7 million, or a $54.4 million increase. Excluding the non-cash charges, there was non-GAAP R&D expense of $9.3 million in 2016 and $8.6 million in 2015 or an increase of $0.7 million. This increase of $0.7 million is primarily the result of increased clinical trial work consistent with our transition from a preclinical to a clinical stage company. The non-cash charges of $92.4 million and $38.7 million in 2016 and 2015, respectively, reflects writing down In-Process Research and Development (IPR&D) assets. Management uses the above non-GAAP financial measure so it can focus on its research and development efforts and also communicate it to the investing public.

General and Administrative (SG&A) expenses were $4.1 million for 2016 compared to $6.8 million for 2015, or a decrease of $2.7 million, which is primarily the result of lower stock option expense due to the resignation of the CEO and CMO during the year. At the end of December 2016, the company's cash balance was $3.6 million.

Fourth Quarter 2016 Financial Results

R&D expense during the fourth quarter was $93.9 million, which includes a non-cash charge of $92.4 million compared to $41.5 million in 2015, which includes a non-cash charge of $38.7 million, or a $52.4 million increase. Excluding the non-cash charges, there was a non-GAAP R&D expense of $1.5 million in 2016 and $2.8 million in 2015 or a decrease of $1.4 million. This decrease of $1.4 million is primarily the result of reduced pre-clinical development activities in 4Q 2016 relative to the prior year's quarterly results, which included a ramp up of spending as the company prepared to enter clinical trials. The non-cash charges in both periods reflect a write down of IPR&D assets. As noted above,

management uses this non-GAAP financial measure so it can focus on its research and development efforts and also communicate it to the investing public.

During the fourth quarter, General and Administrative (SG&A) expenses were $0.4 million for 2016 compared to $2.1 million for 2015. The decrease of $1.7 million was due to reduced legal fees and other professional service costs.

Research and Development Update

We are developing antiviral therapeutics that inhibit the essential replication function of a virus. To discover and design these inhibitors, we use a proprietary platform comprising computation, nucleoside and medicinal chemistry, and X-ray crystallography. We determine the structures of cocrystals containing the inhibitors bound to the enzyme or protein to guide our design. We also use advanced computational methods to screen and design drug candidates using proprietary cocrystal structural information. In designing the candidates, we seek to anticipate and avert potential viral mutations leading to resistance. By designing and selecting drug candidates that interrupt the viral replication process and also have specific binding characteristics, we seek to develop drugs that are not only effective against both the virus and possible mutants of the virus, but which also have reduced off-target interactions that cause undesirable clinical side effects.

- *CC-31244 (Non-Nucleoside Polymerase Inhibitor (NNI) for Hepatitis C virus infection (HCV).* CC-31244 is a potential best in class pan-genotypic inhibitor of NS5B polymerase for the treatment of hepatitis C infection. The Company completed a Phase 1a study in September 2016, with favorable safety results in a randomized, double-blinded, study in healthy volunteers. The Company is presently conducting a Phase 1b study in HCV genotype 1 subjects. Cocrystal Pharma presented the interim results from the 1b study at the APASL in February 2017. HCV-infected subjects treated with CC-31244 had a rapid and marked decline in HCV RNA levels, slow viral rebound after treatment, and no viral breakthrough during treatment. Results of this study suggest that CC-31244 could be an important component in an all-oral limited duration HCV combination therapy. The Company has three preclinical HCV candidates: a pan-genotypic nucleoside inhibitor, an NS5A inhibitor, and an NS3 helicase inhibitor. The Company is seeking a partner for further clinical development of CC-31244 and the preclinical candidates.

- *Influenza.* CC-42344, a novel polymerase PB2 inhibitor, has been selected as a preclinical lead compound. IND-enabling studies are planned to be initiated this year. There are also several other promising preclinical candidates under development. CC-42344 showed excellent antiviral activity against various influenza A strains, including avian pandemic strains and Tamiflu resistant strains. It has a favorable pharmacokinetic profile, binds to a highly conserved PB2 site on the influenza polymerase complex and exhibits a novel mechanism of action.

- *Norovirus.* Cocrystal has developed a preclinical nucleoside that exhibits broad spectrum anti-norovirus activity. In addition, we have developed X-ray quality norovirus polymerase crystals. In the norovirus program we are implementing the platform and approaches that have proven successful in our other antiviral programs.

"The positive data from the Phase 1a/1b study of our Hepatitis C candidate, CC-31244, represents a major milestone for Cocrystal. The selection of a preclinical lead for influenza A that has anti-influenza activity against pandemic and drug resistant influenza strains is also a significant milestone for the company," said Dr. Gary Wilcox, Interim CEO.

About Cocrystal Pharma

Cocrystal is a clinical stage biotechnology company seeking to discover novel antiviral therapeutics as treatments for serious and/or chronic viral diseases. Cocrystal employs unique technologies and Nobel Prize winning expertise to create first- and best-in-class antiviral drugs. These technologies, including our nucleoside chemistry expertise and market-focused approach to drug discovery are designed to efficiently deliver small molecule therapeutics that are safe, effective and convenient to administer. The company has identified a promising clinical stage compound and preclinical stage antiviral compounds for several unmet medical needs, including hepatitis, influenza and norovirus infections. Cocrystal has previously received strategic investments from Teva Pharmaceuticals, OPKO Health, Brace Pharmaceutical, LLC, and The Frost Group. For further information about Cocrystal, please refer to www.cocrystalpharma.com.

Forward Looking Statements

To the extent that statements contained in this press release are not descriptions of historical facts regarding Cocrystal, they are forward-looking statements reflecting the current beliefs and expectations of management including statements regarding development plans for treatments related to Hepatitis C, influenza and norovirus. Forward-looking statements in this release involve substantial risks and uncertainties that could cause future results to differ significantly from what is expressed or implied by the forward-looking statements. For a description of the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of the Company in general, see filings Cocrystal has made with the Securities and Exchange Commission including its Form 10-K filed on March 31, 2017.

Contact:

Cocrystal Pharma, Inc.
Info@cocrystalpharma.com
Tel: 678-892-8825

Source: Cocrystal Pharma, Inc.