

March 17, 2021



Cocrystal Pharma Reports 2020 Financial Results, Provides Business Update Including Antiviral Program Milestones

Outlines 2021 product pipeline milestones for COVID-19, influenza A and norovirus antiviral programs

Ends 2020 with cash exceeding \$33 million and a clean capital structure

BOTHELL, Wash., March 17, 2021 (GLOBE NEWSWIRE) -- [Cocrystal Pharma, Inc.](#) (Nasdaq: COCP), ("Cocrystal" or the "Company"), a clinical-stage biotechnology company discovering and developing novel antiviral therapeutics that target the replication machinery of influenza viruses, the SARS-CoV-2 virus, hepatitis C viruses and noroviruses, reports financial results for the year ended December 31, 2020 and provides updates on its antiviral pipeline and business activities.

"We made across-the-board progress last year with our pipeline of broad-spectrum antiviral drugs that feature a high barrier to drug resistance, and we anticipate further advancements in 2021," said Sam Lee, Ph.D., President of Cocrystal. "In just over a year since initiating our COVID-19 program, we selected a broad-spectrum protease inhibitor, *CDI-45205*, as a lead drug candidate and are conducting remaining preclinical studies. This antiviral agent presents a novel approach to COVID-19 and other coronaviruses with the potential as both a therapeutic for infected patients and as a prophylactic to protect those who may become exposed. We have also made strides in our norovirus program and expect to complete a proof-of-concept study in norovirus in the first half of this year."

"Our influenza programs are also advancing well," stated Gary Wilcox, Ph.D., Chairman and Chief Executive Officer of Cocrystal. "We successfully completed our obligations under the exclusive worldwide licensing and collaboration agreement with Merck for the discovery and development of influenza A/B drug candidates, with Merck now assuming sole responsibility for further program development. With our in-house influenza A program, we are conducting the remaining preclinical studies with *CC-42344* and plan to initiate a Phase 1 study in the third quarter. Influenza continues to be a major global health concern and our antiviral agents are being developed to be effective against both seasonal and pandemic influenza."

"We are employing our proprietary technology platform to discover and develop antiviral drug candidates that address major global medical concerns, such as influenza and coronaviruses, that present significant market opportunities," he added. "We are well positioned to execute on our goals with the guidance and support of our outstanding leadership team and our scientific advisory board, which includes two Nobel laureates. Following successful financings completed last year, we ended 2020 with more than \$33 million of cash and have sufficient capital to fund our current operations and development programs beyond 2022."

Antiviral Development Pipeline Milestones and Updates

COVID-19 Programs

- Advancing preclinical studies with *CDI-45205*. This compound, obtained under an agreement with Kansas State University Research Foundation (KSURF), demonstrated *in vitro* and *in vivo* activity in animal models against the viral pathogens MERS and SARS and has significant potential for delivery either by injection or inhalation.
- Applying the Company's proprietary structure-based platform technology to discover novel COVID-19 inhibitors with the potential for oral administration.

Influenza A Program

- Completing IND-enabling activities with *CC-42344* and planning to initiate a Phase 1 study during the third quarter of 2021. *CC-42344* has demonstrated excellent preclinical antiviral activity against influenza A strains, including avian pandemic strains and oseltamivir-resistant and baloxavir-resistant strains, while also showing favorable pharmacokinetic and safety profiles.

Influenza remains a major global concern with cases approximating 1 billion annually. The World Health Organization estimates that worldwide, annual influenza epidemics result in approximately 3-5 million cases of severe illness and about 250,000 to 500,000 deaths. Approved influenza therapies have major limitations due to drug-resistant issues and emerging virus mutations. Cocrystal is designing influenza drug candidates to be active against drug-resistant strains, effective against future mutations, and available for delivery through multiple routes of administration, including oral, inhalation and injection.

Hepatitis C Program

- Seeking a partner to advance the development of *CC-31244*. This compound showed positive safety and preliminary efficacy data from a triple regimen Phase 2a study in combination with Eplclusa (sofosbuvir/velpatasvir) for the ultra-short treatment of individuals infected with the hepatitis C virus.

Norovirus Therapy Program

- Expect to complete a proof-of-concept animal study in the first half of 2021 with a potential first-in-class non-nucleoside inhibitor with potent and broad-spectrum Noro polymerase inhibitors.

2020 and Recent Highlights

Licensing and Collaboration Agreements

- Completed all research obligations under the Merck exclusive worldwide license and collaboration agreement for influenza A/B antiviral compounds. As of mid-January 2021, Merck has assumed all responsibility for further program development.

- Entered into two exclusive, royalty-bearing license agreements with KSURF to develop and commercialize therapeutic, diagnostic and prophylactic products against coronaviruses, caliciviruses and picornaviruses based on antivirals discovered by KSURF.
- Extended a drug discovery collaboration with HitGen and InterX, combining three independent platforms to discover and optimize molecules that could lead to novel antiviral drug candidates.

Scientific Publications and Presentations

- Announced the publication by collaborators of positive preclinical animal data demonstrating potent inhibition of coronavirus antiviral compounds in the prestigious medical journal [*Science Translational Medicine*](#).
- Presented an overview of the Company's drug discovery platform technology, including its unique ability to develop broad-spectrum antiviral therapeutics and its advantages compared with the traditional drug discovery and development process, presented at the "reimagine Health Research Symposium" in January 2021.

Corporate Developments

- Appointed Nobel laureate Roger D. Kornberg, Ph.D. to the Cocrystal Board of Directors, adding to his positions as Chief Scientist and Chairman of the Scientific Advisory Board.
- Received \$2.0 million in Merck payments and \$35.8 million in net proceeds from common-stock financings.
- Negotiated and executed approved settlement of the class-action lawsuit, the derivative lawsuit and two related derivative actions with agreement to pay \$450,000 for its share of the total class action settlement and make certain corporate governance changes.

2020 Financial Results

Revenues for the year ended December 31, 2020 were \$2.0 million, which consisted entirely of research and development (R&D) services performed by Cocrystal and reimbursed program expenses paid by Merck for the influenza A/B program. This compares with revenues of \$6.6 million for the year ended December 31, 2019, which included \$4.4 million in exchange for conveyance of intellectual property rights at the signing of the Merck collaboration agreement, \$1.8 million for R&D services and \$358,000 for program expense reimbursements.

In mid-January 2021 Merck assumed all activities and expenses associated with the continued development of the influenza A/B compounds. Cocrystal does not expect to report revenues or offsetting R&D expenses related to this agreement in 2021. Cocrystal is eligible to receive milestone payments related to designated development, regulatory and sales milestones with the potential to earn up to \$156 million, as well as royalties on product sales.

R&D expenses for 2020 were \$6.3 million compared with \$4.0 million for 2019, with the increase primarily due to costs related to advancing the coronavirus, influenza and norovirus programs. General and administrative expenses for 2020 were \$5.3 million compared with

\$4.9 million for the prior year, with the increase primarily due to professional fees incurred as a result of the now settled class action matter mentioned above in *Corporate Developments*. The operating loss for 2020 was \$9.6 million compared with an operating loss of \$48.4 million in 2019, which included a \$46.1 million non-cash goodwill impairment charge on an intangible asset in 2019.

Other expense for 2020 was \$62,000, which was primarily due to a \$54,000 loss on the fair value of derivative liabilities. This compares with other income for 2019 of \$237,000, that was primarily due to a \$256,000 gain on derivative liabilities.

The net loss for 2020 was \$9.6 million, or \$0.17 per share, compared with a net loss for 2019 of \$48.2 million, or \$1.51 per share, which included the \$46.1 million impairment.

The Company reported \$33.1 million in cash and cash equivalents as of December 31, 2020, compared with \$7.4 million as of December 31, 2019. The Company reported working capital of \$32.6 million as of December 31, 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, coronaviruses (including SARS-CoV-2), hepatitis C viruses 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 regarding the expected further advancements in our programs, including the planned initiation of the influenza A Phase 1 study during the third quarter of 2021 and our plans regarding the expected completion of a norovirus proof-of-concept animal study in the first half of 2021; our expectations and estimates regarding the future applications and effectiveness of, and the market opportunities for, our product candidates; our expectations regarding future operating results; the expected results of Cocrystal's collaboration with Merck, including potential receipt of future milestone payments of up to \$156,000,000 and royalties; and future liquidity. The words "believe," "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, on our collaboration partners and on our Company, including supply chain disruptions and our continued ability to proceed with our programs, our reliance on Merck for further development in the influenza A/B program under the license and collaboration agreement, , the results of future preclinical and clinical studies, general risks arising from clinical trials, receipt of regulatory approvals, regulatory changes, 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, 2020. Any forward-looking statement made by us herein speaks only as of the date on which it is made. 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 Contact:

LHA Investor Relations

Jody Cain

310-691-7100

jcain@lhai.com

Financial Tables to follow

COCRYSTAL PHARMA, INC.

CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Assets		
Current assets:		
Cash	\$ 33,010	\$ 7,418
Restricted cash	50	50
Accounts receivable	556	644
Prepaid expenses and other current assets	399	169
Total current assets	<u>34,015</u>	<u>8,281</u>
Property and equipment, net	591	431
Deposits	46	50
Operating lease right-of-use assets, net (including \$39 to related party)	498	677
Goodwill	19,092	19,092
Total assets	<u>\$ 54,242</u>	<u>\$ 28,531</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,080	\$ 1,999
Current maturities of finance lease liabilities	39	103
Current maturities of operating lease liabilities (including \$39 to related party)	178	177
Derivative liabilities	61	7

Total current liabilities	<u>1,358</u>	<u>2,286</u>
Long-term liabilities:		
Finance lease liabilities	34	14
Operating lease liabilities	<u>345</u>	<u>523</u>
Total long-term liabilities	379	537
Total liabilities	<u>1,737</u>	<u>2,823</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value; 100,000 shares authorized as of December 31, 2020 and December 31, 2019; 70,439 and 35,150 shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively	71	36
Additional paid-in capital	297,342	260,932
Accumulated deficit	<u>(244,908)</u>	<u>(235,260)</u>
Total stockholders' equity	<u>52,505</u>	<u>25,708</u>
Total liabilities and stockholders' equity	<u>\$ 54,242</u>	<u>\$ 28,531</u>

COCRYSTAL PHARMA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenues:		
Collaboration revenue	<u>\$ 2,014</u>	<u>\$ 6,564</u>
Operating expenses:		
Research and development	6,307	4,004
General and administrative	5,293	4,863
Impairments	-	46,103
Total operating expenses	<u>11,600</u>	<u>54,970</u>
Loss from operations	<u>(9,586)</u>	<u>(48,406)</u>
Other (expense) income:		
Interest expense, net	(8)	(19)
Change in fair value of derivative liabilities	<u>(54)</u>	<u>256</u>
Total other income (expense), net	<u>(62)</u>	<u>237</u>
Loss before income taxes	(9,648)	(48,169)

Income tax	_____ -	_____ -
Net loss	\$ (9,648)	\$ (48,169)
Net loss per common share:		
Loss per share, basic and diluted	\$ (0.17)	\$ (1.51)
Weighted average number of common shares outstanding, basic and diluted	55,217	31,859

#



Source: Cocrystal Pharma, Inc.