Zacks Small-Cap Research
Sponsored – Impartial - Comprehensive

May 16, 2024
David Bautz, PhD
(312) 265-9471
dbautz@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Cocrystal Pharma, Inc. (COCP-NASDAQ)

COCP: Enrollment Complete in Phase 2a Human Challenge Trial of CC-42344…

Based on our probability adjusted DCF model that takes into account potential future revenues of CC-42344 and CDI-988, COCP is valued at $6/share. This model is highly dependent upon continued clinical success of both programs and will be adjusted accordingly based on future clinical results.

Current Price (05/16/24)	$2.10
Valuation	**$6.00**

OUTLOOK

On May 1, 2024, Cocrystal Pharma, Inc. (COCP) announced the completion of enrollment of 78 subjects in the randomized, double blind, placebo controlled Phase 2a human challenge trial of CC-42344. Study subjects were infected with influenza A and then treated with CC-42344 or placebo. We anticipate topline results in the second half of 2024. Following FDA feedback received in the first quarter of 2024, we anticipate the company filing an IND application to conduct a late-stage trial of CC-42344 in the second half of 2024. Topline results from the single ascending dose Phase 1 trial of oral CDI-988, the company's pan coronavirus-pan norovirus oral antiviral, are expected in the second quarter of 2024. Lastly, we anticipate the initiation of a Phase 1 trial of inhaled CC-42344, a potential prophylactic and therapeutic for influenza A, in the second half of 2024.

SUMMARY DATA

52-Week High	**$3.14**
52-Week Low	**$1.40**
One-Year Return (%)	**-44.13**
Beta	**1.30**
Average Daily Volume (sh)	**11,309**
Shares Outstanding (mil)	**10**
Market Capitalization ($mil)	**$16**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**7**
Insider Ownership (%)	**25**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**-1.0**
P/E using 2025 Estimate	**-1.0**

Risk Level	**Above Avg.**
Type of Stock	**Small-Value**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	0 A	0 A	0 A	0 A	0 A
2024	0 A	0 E	0 E	0 E	0 E
2025					0 E
2026					0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-$0.64 A	-$0.41 A	-$0.41 A	-$0.44 A	-$1.86 A
2024	-$0.39 A	-$0.56 E	-$0.59 E	-$0.62 E	-$2.15 E
2025					-$2.44 E
2026					-$2.58 E

© Copyright 2024, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Business Update

Phase 2a Human Challenge Study Fully Enrolled; Topline Data Expected 2H24

On May 1, 2024, Cocrystal Pharma, Inc. (COCP) announced the completion of enrollment of 78 subjects in the Phase 2a clinical trial of CC-42344. This was a human challenge study in which study subjects were infected with influenza A before being treated with CC-42344 or placebo. We anticipate topline results in the second half of 2024.

In the first quarter of 2024, Cocrystal received feedback from the FDA regarding the regulatory requirements for a planned Phase 2b trial with CC-42344. The company is planning to submit an investigational new drug (IND) application that will include data from the ongoing Phase 2a trial in the second half of 2024 such that a Phase 2b trial can be conducted in the U.S.

In addition to oral CC-42344, later this year Cocrystal will be initiating a Phase 1 clinical trial of inhaled CC-42344, which is currently in preclinical development. An inhaled version of the drug would offer direct targeting of infected respiratory epithelial cells, a higher drug accumulation in the pulmonary system, and the potential for a rapid clinical response. Multiple preclinical studies have shown that CC-42344 exhibits a favorable safety profile in human upper airway epithelium and shows robust antiviral activity against H1N1 infection *in vitro*. We anticipate the Phase 1 clinical trial of inhaled CC-42344 being initiated in the second half of 2024.

Topline Results for Phase 1 Trial of CDI-988 Expected in 2Q24

In October 2022, Cocrystal announced the selection of CDI-988 as the lead development candidate as an oral treatment for SARS-CoV-2. CDI-988 targets a highly conserved region in the active site of the main (3CL) protease required for viral replication. In August 2023, the company announced that CDI-988 would also be advanced as a potential therapy for norovirus. The compound has exhibited pan-viral activity against multiple norovirus strains, including the genogroup II, genotype 4 (GII.4) strain that is responsible for major norovirus outbreaks. A Phase 1 clinical trial of CDI-988 was initiated in September 2023 to evaluate the safety, tolerability, and pharmacokinetics in single ascending doses and multiple ascending doses compared to placebo in healthy volunteers. This study is serving as a Phase 1 study for both the coronavirus and norovirus programs. We anticipate topline results for the single ascending dose (SAD) portion of the trial in the second quarter of 2024 and the initiation of the multiple ascending dose (MAD) portion of the trial in the second half of 2024.

There are no approved therapies for norovirus infection, which is the most common cause of acute gastroenteritis. According to the Centers for Disease Control (CDC), there are an estimated 685 million cases and 200,000 deaths caused by norovirus infection each year worldwide. In the U.S., norovirus infection causes over 2 million outpatient clinical visits annually and approximately 100,000 hospitalizations. In addition to potentially being utilized as a norovirus therapy, CDI-988 may be tested as a prophylactic to be used in population dense areas to prevent norovirus outbreaks (e.g., cruise ships, nursing homes, day cares, military installations).

Financial Update

On May 13, 2024, Cocrystal announced financial results for the first quarter of 2024. As expected, the company did not report any revenues in the first quarter of 2024. R&D expenses in the first quarter of 2024 were $3.0 million, compared to $3.9 million in the first quarter of 2023. The decrease was primarily due to a reduction of clinical preparation expenses as CC-42344 moved into a Phase 2a study and CDI-988 moved into a Phase 1 clinical study. G&A expenses in the first quarter of 2024 and 2023 remained consistent at $1.2 million.

As of March 31, 2024, Cocrystal had approximately $21.8 million in cash and cash equivalents. We estimate this is sufficient to fund operations for at least the next 12 months. As of May 13, 2024, Cocrystal had approximately 10.2 million shares outstanding and, when factoring in stock options and warrants, a fully diluted share count of 10.7 million shares.

Conclusion

There are a number of very important inflection points ahead in 2024 for Cocrystal, including topline results from the Phase 2a human challenge trial of CC-42344, the Phase 1 SAD results for CDI-988, and the initiation of the Phase 1 trial of inhaled CC-42344 and the MAD portion of the Phase 1 trial of CDI-988 in the second half of 2024. Lastly, we anticipate the IND application being submitted to the FDA in the second half of 2024 in order to conduct a Phase 2b trial of CC-42344 in the U.S. The company is well financed to achieve its near-term goals with a cash runway that extends beyond the next 12 months. With no changes to our model our valuation remains at $6 per share.

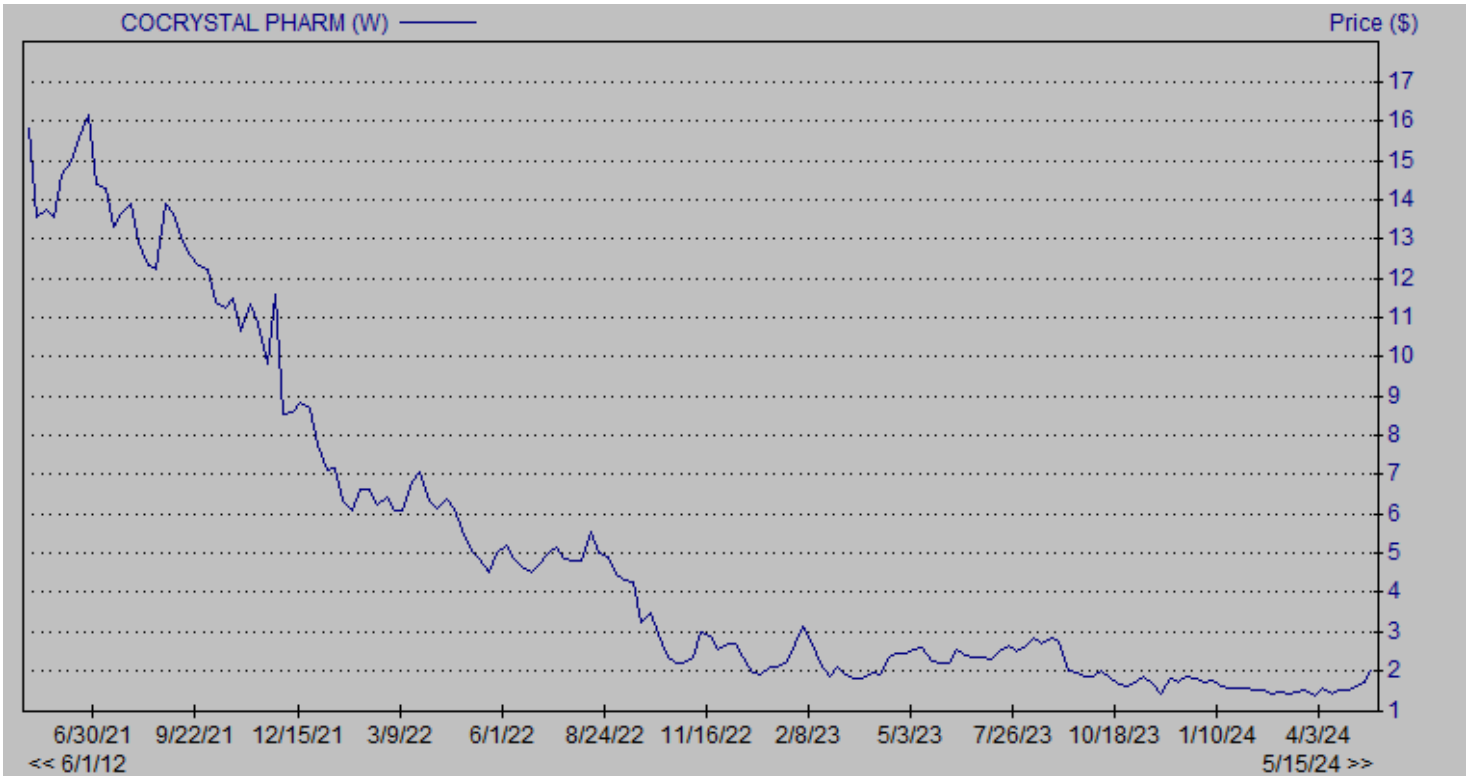
PROJECTED FINANCIALS

Cocrystal Pharma, Inc.	2023 A	Q1 A	Q2 E	Q3 E	Q4 E	2024 E	2025 E	2026 E
CC-42344	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
CDI-988	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Income	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenues	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Cost of revenues	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Research & Development	$15.2	$3.0	$4.2	$4.4	$4.5	$16.1	$18.0	$19.0
General & Administrative	$6.0	$1.2	$1.6	$1.7	$1.9	$6.4	$6.9	$7.3
Legal Settlement	($2.6)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Impairments	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other (Income) Expense	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($18.6)	($4.2)	($5.8)	($6.1)	($6.4)	($22.5)	($24.9)	($26.3)
Non-Operating Expenses (Net)	$0.6	$0.2	$0.1	$0.1	$0.1	$0.5	$0.0	$0.0
Pre-Tax Income	($18.0)	($4.0)	($5.7)	($6.0)	($6.3)	($22.0)	($24.9)	($26.3)
Income Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income	**($18.0)**	**($4.0)**	**($5.7)**	**($6.0)**	**($6.3)**	**($22.0)**	**($24.9)**	**($26.3)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($1.86)**	**($0.39)**	**($0.56)**	**($0.59)**	**($0.62)**	**($2.15)**	**($2.44)**	**($2.58)**
YOY Growth	-	-	-	-	-	-	-	-
Basic and Diluted Shares Outstanding	9.7	10.2	10.2	10.2	10.2	10.2	10.2	10.2

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

© Copyright 2024, Zacks Investment Research. All Rights Reserved.

HISTORICAL STOCK PRICE



Source: Zacks SCR

© Copyright 2024, Zacks Investment Research. All Rights Reserved.

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, David Bautz, PhD, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.