Zacks Small-Cap Research
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Cocrystal Pharma, Inc.

(COCP-NASDAQ)

COCP: CC-42344 Shows* In Vitro *Activity Against Avian Influenza A (H5N1)…

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 (07/01/24)	$2.33
Valuation	**$6.00**

OUTLOOK

On June 20, 2024, Cocrystal Pharma, Inc. (COCP) announced the company's broad spectrum antiviral compound CC-42344 inhibits activity in the avian influenza A (H5N1) PB2 protein from a strain that was recently identified in dairy cattle in Texas. Cocrystal created a high-resolution crystal structure of this avian PB2 protein and confirmed that CC-42344 binds to a highly conserved region of the protein. This finding validates the company's broad-spectrum approach to identifying therapies for seasonal and pandemic influenza.

We anticipate topline results from the single ascending dose Phase 1 trial of oral CDI-988, the company's pan coronavirus-pan norovirus oral antiviral, in the near term and topline results from the Phase 2a human challenge study of CC-42344 in the second half of 2024.

SUMMARY DATA

52-Week High	**$3.14**
52-Week Low	**$1.40**
One-Year Return (%)	**1.66**
Beta	**1.39**
Average Daily Volume (sh)	**38,147**
Shares Outstanding (mil)	**10**
Market Capitalization ($mil)	**$25**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**7**
Insider Ownership (%)	**26**
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	**-1.1**
P/E using 2025 Estimate	**-1.1**

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

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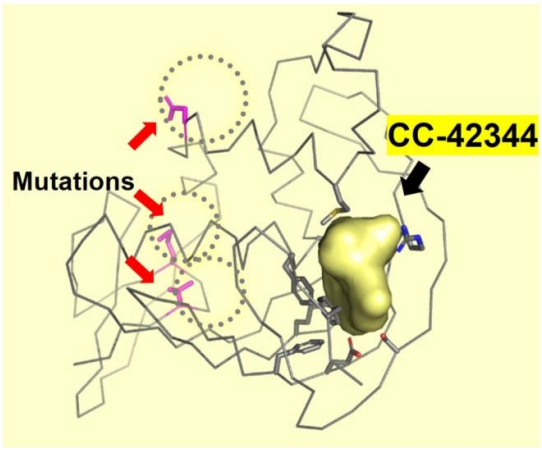
WHAT'S NEW

Business Update

CC-42344 Shows In Vitro *Activity Against Avian Influenza H5N1 PB2 Protein*

On June 20, 2024, Cocrystal Pharma, Inc. (COCP) announced that its broad-spectrum antiviral compound CC-43244 inhibits the activity of the avian influenza A (H5N1) PB2 protein in a strain that was recently identified in dairy cattle in Texas. Using the company's proprietary structure-based platform, Cocrystal created a high resolution crystal structure of that strains PB2 protein and confirmed that CC-42344 binds to a highly conserved region of that protein.

The following image shows the crystal structure of the PB2 protein with CC-42344 bound to it. The image also shows the location of new mutations identified on the PB2 protein, which is away from the CC-42344 binding site. Preliminary *in vitro* assays demonstrated that CC-42344 has high potency against avian influenza (H5N1) PB2 protein, which is likely due at least in part to the fact that CC-42344 binds to a conserved region and is not impacted by the mutations in the protein.



Source: Cocrystal Pharma, Inc.

These results point to the importance of CC-42344 binding to a conserved region of the PB2 protein that is less prone to mutate, thus making it more likely that the compound will retain activity to both seasonal and pandemic strains of influenza.

Data Readouts Upcoming

We remind investors that the company has two important data readouts upcoming. First, we anticipate topline results from the single ascending dose (SAD) portion of the Phase 1 study of CDI-988 in the near term. Second, we anticipate topline results from the Phase 2a human challenge study of CC-42344 in the second half of 2024.

Conclusion

The power of Cocrystal's structure-based platform is evident by the fact that CC-42344 shows activity against the avian influenza A (H5N1) PB2 protein, which shows the importance of binding location for maximizing the activity of its antiviral compounds. There are no changes to our model ahead of the upcoming data readouts and our valuation remains at $6.00 per share.

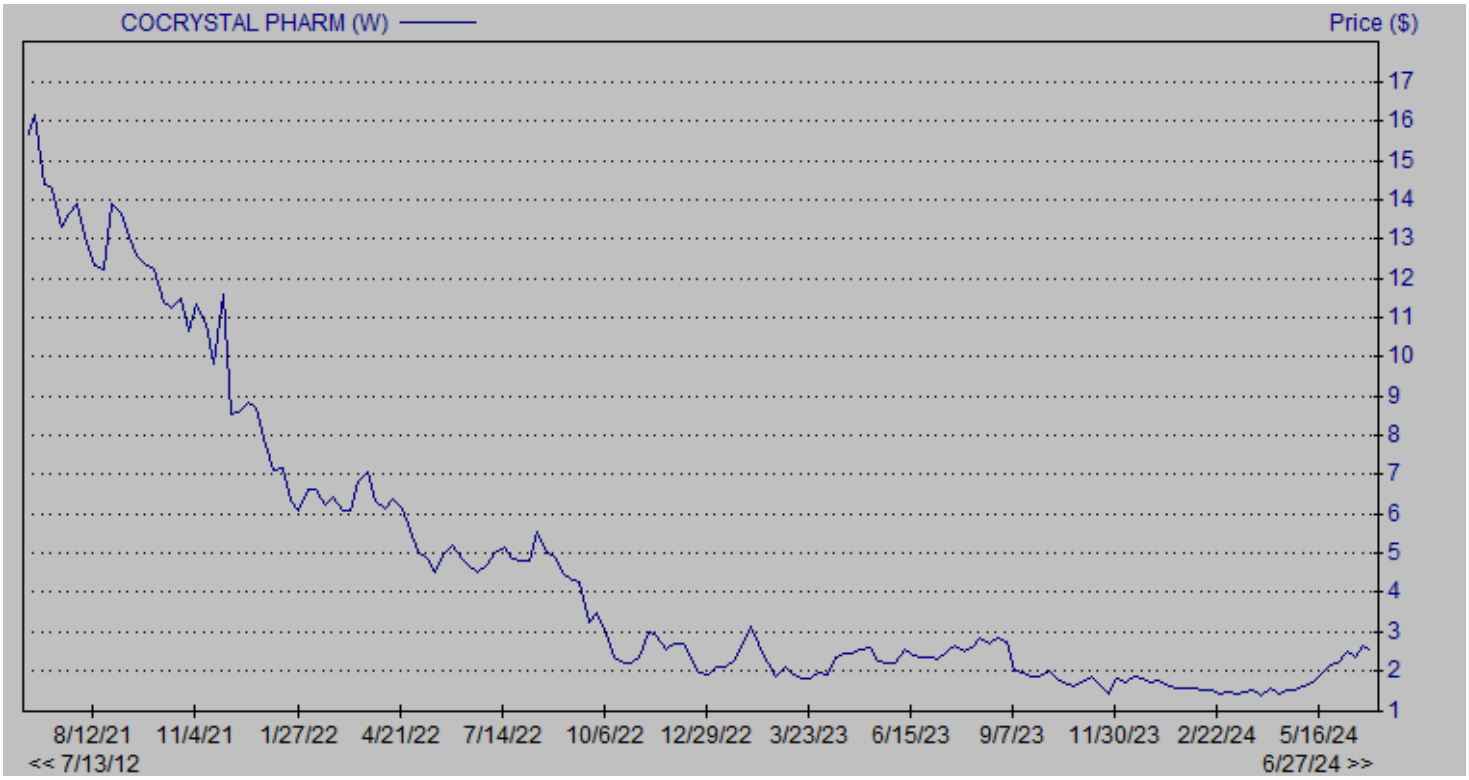
PROJECTED FINANCIALS

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*

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Source: Zacks SCR

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