Zacks Small-Cap Research
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Cocrystal Pharma, Inc. (COCP-NASDAQ)

COCP: Phase 2a Trial of CC-42344 Extended…

Based on our probability adjusted DCF model that takes into account potential future revenues of CC-42344 and CDI-988, COCP is valued at $8/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 (01/08/25)	$2.26
Valuation	**$8.00**

OUTLOOK

On December 31, 2024, Cocrystal Pharma, Inc. (COCP) announced that the Phase 2a clinical trial of its oral PB2 inhibitor CC-42344 will be continued due to an unexpectedly low influenza infection rate in study participants that were challenged with a H3N2 viral strain. The results from the study showed that CC-42344 had a favorable safety and tolerability profile, however due to the low infectivity rate the virology results were not interpretable. Cocrystal will now work with the clinical research organization to construct an amendment to the trial protocol to extend enrollment in the study and increase the likelihood of a proper infection rate for data evaluation.

SUMMARY DATA

52-Week High	**$3.25**
52-Week Low	**$1.40**
One-Year Return (%)	**26.26**
Beta	**1.53**
Average Daily Volume (sh)	**86,924**
Shares Outstanding (mil)	**10**
Market Capitalization ($mil)	**$23**
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 2025 Estimate	**-1.0**
P/E using 2026 Estimate	**-0.9**

Risk Level	**High**
Type of Stock	**Small-Blend**
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 A	0 A	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	-$0.52 A	-$0.49 A	-$0.62 E	-$2.02 E
2025					-$2.44 E
2026					-$2.58 E

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Business Update

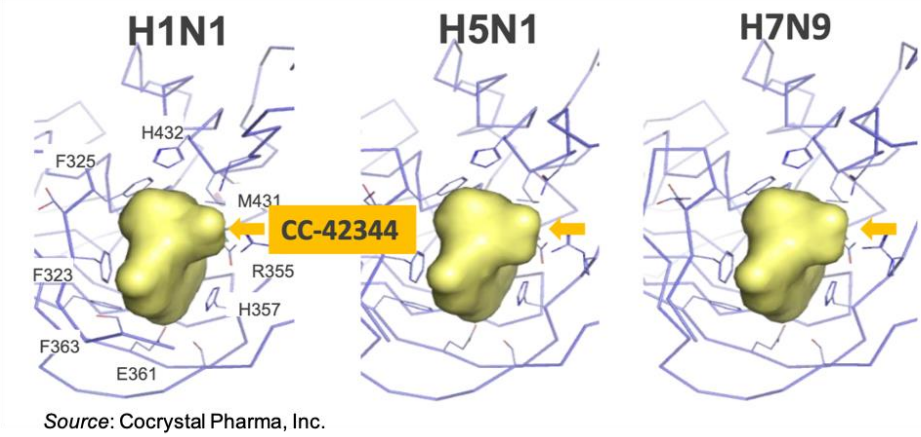
Phase 2a Trial of CC-42344 Extended

On December 31, 2024, Cocrystal Pharma, Inc. (COCP) announced that the Phase 2a clinical trial of its oral PB2 inhibitor, CC-42344, will be extended due to unexpectedly low infection rates among trial participants that were challenged with a H3N2 influenza strain. The Phase 2a trial initiated in December 2023 and completed enrollment in May 2024 with 78 total participants. It is a single center study being conducted in the U.K. designed to test the safety, tolerability, pharmacokinetics (PK), antiviral activity, and clinical measurements of CC-42344.

The results of the trial showed that CC-42344 had a favorable safety and tolerability profile as no participants had serious adverse events or discontinued the trial due to drug-related adverse events, however due to the low infectivity rate the virology results were not interpretable. The company will be working with the contract research organization to amend the trial protocol to help ensure that there is a higher infectivity rate during the rest of the study. We anticipate the protocol amendment will be completed in time to continue the trial in mid-2025.

Background on CC-42344

CC-42344 is a broad-spectrum inhibitor of pandemic and seasonal strains of influenza A. It targets subunit PB2, which along with PA and PB1 forms the RNA-dependent RNA polymerase. This enzyme is essential for viral replication in cells by replicating the viral RNA segments and transcribing their genes, which makes it an attractive target for therapeutic intervention. The following figure shows CC-42344 binding to the highly conserved active site of the PB2 protein in different influenza strains.



Source: Cocrystal Pharma, Inc.

Binding to this conserved active site leads to broad-spectrum antiviral activity against multiple Influenza A strains, including both pandemic and seasonal strains. The following table shows the strains that CC-42344 is active against, which includes strains that are resistant to oseltamivir and baloxavir.

Influenza Serotype	Strain	CC-42344 EC_{50} (nM)
H1N1	A/PR/8/34	1
Pandemic H1N1	California/04/2009	0.5
H1N1	A1/Denver/1/57	3
H1N1	A/Fort Monmouth/1/47	2
H1N1	A/NY/18/09	5
H3N2	A/AICHI/2/68	0.2
Highly pathogenic Avian H5N1	Duck/MN/1524/81	<3.2
Highly pathogenic Avian H5N1	Hong Kong/213/2003	4.5
Highly pathogenic Avian H5N1	Thailand/16/2004	<3.2
Highly pathogenic Avian H7N7	Netherlands/219/2013	5.6
Highly pathogenic Avian H7N9	Anhui/1/2013	<3.2
H1N1- Oseltamivir resistant	A/HK/2369/09 H274Y	9
H3N2-Oseltamivir resistant	A/Wuhan/395/95	0.5
H1N1- Baloxavir resistant (I38T)	A/PR/8/34 I38T	0.5

Source: Cocrystal Pharma, Inc.

CDI-988 Update

On January 8, 2025, Cocrystal announced results from the Phase 1 trial of CDI-988 for the prophylaxis and treatment of norovirus, coronavirus, and other viral infections. The results showed the drug had a favorable safety and tolerability profile for dosing up to 800 mg per day for 10 consecutive days. The company also announced that an additional cohort that will receive a dose of 1,200 mg and a shorter treatment duration of five consecutive days will be tested this quarter. In addition, Cocrystal is planning to initiate a human challenge study in norovirus-infected individuals later in 2025.

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 December 2024 alone, there were a reported 900 cruise ship passengers sickened from norovirus outbreaks. 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).

Conclusion

While disappointing that the company wasn't able to derive any virology data from the Phase 2a challenge study of CC-42344, it is still encouraging that the drug was well tolerated and had a favorable safety profile. We look forward to updates on that program as the company adds additional study subjects later this year. We're equally encouraged by the positive Phase 1 data of CDI-988 as it too showed a favorable safety and tolerability profile. With both compounds showing encouraging safety and tolerability we have slightly increased their probability of approval, which has increased our valuation to $8.00 per share.

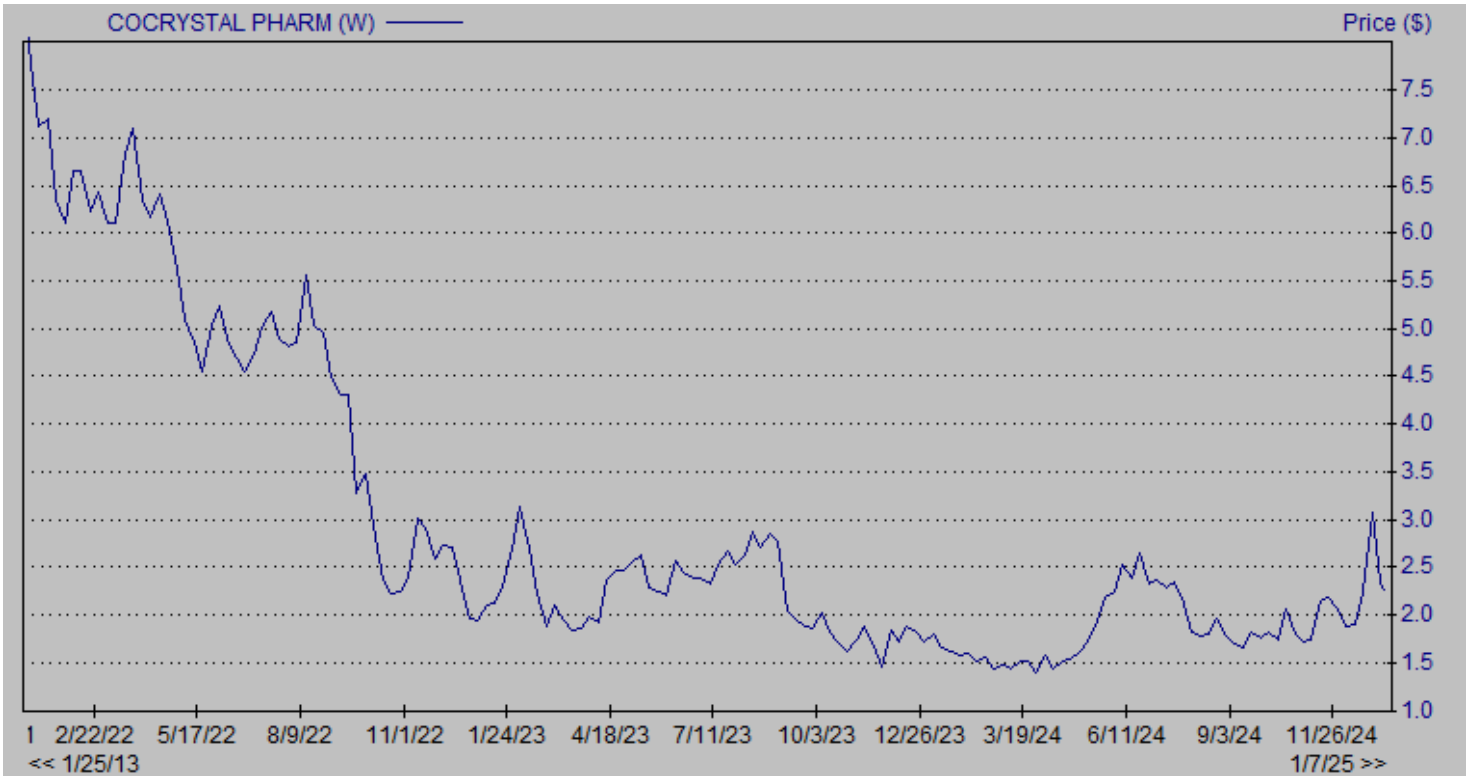
PROJECTED FINANCIALS

Cocrystal Pharma, Inc.	2023 A	Q1 A	Q2 A	Q3 A	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	$4.3	$3.2	$4.5	$15.0	$18.0	$19.0
General & Administrative	$6.0	$1.2	$1.1	$1.8	$1.9	$6.0	$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)	($5.4)	($5.0)	($6.4)	($21.0)	($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)	($5.3)	($4.9)	($6.3)	($20.5)	($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)**	**($5.3)**	**($4.9)**	**($6.3)**	**($20.5)**	**($24.9)**	**($26.3)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($1.86)**	**($0.39)**	**($0.52)**	**($0.49)**	**($0.62)**	**($2.02)**	**($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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