

November 12, 2015



ContraFect Corporation Announces Third Quarter 2015 Financial and Operating Results

YONKERS, NY -- (Marketwired) -- 11/12/15 -- [ContraFect Corporation](#) (NASDAQ: CFRX) (NASDAQ: CFRXW)

- *FDA Fast Track Designation Granted to CF-301, currently in Phase 1 clinical trials for Staph bacteremia, including MRSA*
- *Key Management Additions: Dr. Cara Cassino, Chief Medical Officer; Joshua Muntner, Head of Business Development; and Paul Boni, Head of Investor Development and Strategy*
- *\$9.6 Million Raised Through the Exercise of Class B Warrants*

[ContraFect Corporation](#) (NASDAQ: CFRX) (NASDAQ: CFRXW), a clinical-stage biotechnology company focused on the discovery and development of protein therapeutics and antibody products for life-threatening, drug-resistant infectious diseases, today announced results for the third quarter ended September 30, 2015. The company ended the third quarter with \$29.5 million in cash, cash equivalents and marketable securities, which does not include \$9.5 million in proceeds received from the exercise of Class B Warrants after the end of the quarter.

"We made strong progress on multiple fronts in the third quarter," said Julia P. Gregory, ContraFect's Chief Executive Officer. "We received Fast Track Designation from the FDA for our lead product, CF-301, which supports our efforts to bring this first in class lysin to the market. We added important new management members to our team, including Dr. Cara Cassino as Chief Medical Officer, Joshua Muntner as SVP of Business Development and Paul Boni as Head of Investor Development and Strategy."

"On the financial front," Ms. Gregory continued, "we are pleased with the proceeds raised with our Class B Warrants, which expired on November 2, 2015. Overall, approximately 70% of the Class B Warrants were exercised, generating \$9.6 million in gross proceeds for the company. These warrants were issued as part of our July 2014 IPO, and when added to the IPO proceeds of \$41.3 million, this calculates to a total of \$50.9 million in gross proceeds

related to the securities sold in our IPO. I want to thank our investors for the confidence and support demonstrated by the exercise of these warrants."

Key Highlights

- ContraFect's lead drug candidate, CF-301, was granted Fast Track designation by the FDA, a process designed to facilitate the development, and expedite the review of drugs to treat serious conditions and fill an unmet medical need. This provides ContraFect with early and frequent communication with the FDA in the drug development and review process, as well as the possibility of Rolling Review of a New Drug Application submission, Accelerated Approval, and Priority Review.
- ContraFect made significant additions to its management team. Dr. Cara Cassino joined as Chief Medical Officer. She brings extensive clinical development experience to ContraFect from global pharmaceutical leaders including Boehringer-Ingelheim Pharmaceuticals, Inc., Pfizer Inc., and Forest Laboratories, Inc. (acquired by Actavis plc, now Allergan plc). Joshua Muntner joined as SVP of Business Development. He brings over 15 years of healthcare investment banking experience to ContraFect, and has been involved with a wide range of capital markets and advisory transactions with approximately \$11bn in value. Paul Boni joined as head of Investor Development and Strategy, with over 14 years of experience as an investor, analyst and executive in the biotechnology industry.
- ContraFect's Class B Warrants expired on November 2, 2015. The exercise of these warrants generated a total of \$9.6 million in gross proceeds for ContraFect. This represents approximately 70% of the total Class B Warrants which were outstanding, and further strengthens ContraFect's balance sheet.

Third Quarter 2015 Financial Results

For the quarter ended September 30, 2015, ContraFect reported a net loss of \$5.6 million, or \$0.22 per share, compared to a net loss of \$16.4 million, or \$1.22 per share, in the comparable prior year period.

Operating expenses for the quarter ended September 30, 2015 were \$5.7 million, with \$3.4 million attributable to research and development. This compares to operating expenses of \$4.6 million of which research and development expenses were \$2.4 million in the comparable prior year period. The increase in research and development expense was primarily attributable to the ongoing Phase 1 clinical trial of CF-301 and IND-enabling studies of CF-404. General and administrative expenses were \$2.4 million for the quarter ended September 30, 2015, compared with \$2.3 million in the prior year period, an increase which was primarily attributable to headcount increases and related personnel costs.

As of September 30, 2015, ContraFect had cash, cash equivalents and marketable securities of \$29.5 million, as compared to \$27.4 million at December 31, 2014. ContraFect expects that net cash used to fund operations will continue at approximately \$2 million per month and will total between \$22 and \$24 million for the full year 2015.

About CF-301

CF-301 is a bacteriophage lysin with potent activity against Staph aureus infections. CF-301

has the potential to be a first-in-class treatment for Staph bacteremia as it has a new mechanism of action for eliminating bacteria. It has specific and rapid bactericidal activity against Staph aureus and does not impact the body's good bacteria. By targeting a conserved region of the cell wall that is vital to bacteria, resistance is less likely to develop to CF-301. In vitro and in vivo experiments have shown that CF-301 clears biofilm. Combinations of CF-301 with standard of care antibiotics increased survival significantly in animal models of disease when compared to treatment with antibiotics or CF-301 alone. CF-301 was licensed from The Rockefeller University and developed at ContraFect.

About ContraFect

ContraFect is a biotechnology company focused on discovering and developing therapeutic protein and antibody products for life-threatening, drug-resistant infectious diseases, particularly those treated in hospital settings. An estimated 700,000 deaths worldwide each year are attributed to antimicrobial-resistant infections. We intend to address life threatening infections using our therapeutic product candidates from our lysin and monoclonal antibody platforms to target conserved regions of either bacteria or viruses (regions that are not prone to mutation). ContraFect's initial product candidates include new agents to treat antibiotic-resistant infections such as MRSA (drug-resistant staphylococcus bacteria) and influenza.

Forward-Looking Statements

This press release contains, and our officers and representatives may make from time to time, "forward-looking statements" within the meaning of the U.S. federal securities laws. Forward-looking statements can be identified by words such as "projects," "may," "will," "could," "would," "should," "believes," "expects," "anticipates," "estimates," "intends," "plans," "potential" or similar references to future periods. Forward-looking statements are statements that are not historical facts, nor assurances of future performance. Instead, they are based on ContraFect's current beliefs, expectations and assumptions regarding the future of its business, future plans, strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties and changes in circumstances that are difficult to predict and many of which are beyond ContraFect's control, including those detailed in ContraFect's filings with the Securities and Exchange Commission. Specific forward-looking statements in this release include, without limitation, statements regarding our ability to discover and develop therapeutics and products for life-threatening, drug-resistant infectious diseases, including whether CF-301 will be a first-in-class treatment for Staph bacteremia, our eligibility for Rolling Review, Accelerated Approval & Priority Review and the amount of cash used to fund our operations, all of which are subject to certain assumptions, risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Any forward-looking statement made by ContraFect in this press release is based only on information currently available and speaks only as of the date on which it is made. Except as required by applicable law, ContraFect expressly disclaims any obligations to publicly update any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

	September 30, 2015	December 31, 2014
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,843,916	\$ 25,722,453
Marketable securities	8,618,118	1,670,606
Prepaid expenses and other current assets	945,958	368,787
Total current assets	30,407,992	27,761,846
Property and equipment, net	1,745,147	2,148,155
Other assets	143,621	143,621
Total assets	<u>\$ 32,296,760</u>	<u>\$ 30,053,622</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 940,308	\$ 481,626
Accrued liabilities	1,778,010	2,711,207
Deferred rent	1,010,756	966,278
Total current liabilities	3,729,074	4,159,111
Warrant liabilities	396,253	313,004
Total liabilities	4,125,327	4,472,115
Commitments and contingencies	--	--
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 25,000,000 shares authorized and none outstanding at September 30, 2015 and December 31, 2014	--	--
Common stock, \$0.0001 par value, 100,000,000 shares authorized; 25,108,329 and 20,217,263 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	2,511	2,021
Additional paid-in capital	138,243,977	118,038,560
Accumulated other comprehensive loss	(83,985)	(627)
Accumulated deficit	(109,991,070)	(92,458,447)
Total stockholders' equity	28,171,433	25,581,507
Total liabilities and stockholders' equity	<u>\$ 32,296,760</u>	<u>\$ 30,053,622</u>

CONTRAFECT CORPORATION
Unaudited Statements of Operations

Three Months Ended September 30,		Nine Months Ended September 30,	
2015	2014	2015	2014

Operating expenses:

Research and development	\$ 3,352,531	\$ 2,363,957	\$ 10,082,140	\$ 6,545,496
General and administrative	<u>2,366,729</u>	<u>2,274,569</u>	<u>7,495,967</u>	<u>5,561,432</u>
Total operating expenses	<u>5,719,260</u>	<u>4,638,526</u>	<u>17,578,107</u>	<u>12,106,928</u>
Loss from operations	(5,719,260)	(4,638,526)	(17,578,107)	(12,106,928)
Other income (expense)				
Interest income (expense), net	29,593	(11,067,209)	128,733	(12,414,240)
Refundable state tax credits	--	--	--	424,649
Change in fair value of warrant and embedded derivative liabilities	<u>125,147</u>	<u>(691,943)</u>	<u>(83,249)</u>	<u>(1,315,894)</u>
Total other income (expense)	<u>154,740</u>	<u>(11,759,152)</u>	<u>45,484</u>	<u>(13,305,485)</u>
Net loss	(5,564,520)	(16,397,678)	(17,532,623)	(25,412,413)
Preferred stock dividend in-kind	--	--	--	<u>(4,468,452)</u>
Net loss attributable to common stockholders	<u>\$ (5,564,520)</u>	<u>\$ (16,397,678)</u>	<u>\$ (17,532,623)</u>	<u>\$ (29,880,865)</u>
Per share information:				
Net loss per share of common stock, basic and diluted	<u>\$ (0.22)</u>	<u>\$ (1.22)</u>	<u>\$ (0.79)</u>	<u>\$ (5.76)</u>
Basic and diluted weighted average shares outstanding	<u>25,080,838</u>	<u>13,403,595</u>	<u>22,199,992</u>	<u>5,187,920</u>

The comparability of basic and diluted net loss per share attributable to common stockholders and weighted average shares outstanding was impacted by the conversion of all the Company's outstanding convertible preferred stock and convertible notes payable on the closing of the Company's initial public offering on August 1, 2014 and the Company's private placement of securities on June 12, 2015.

The Company's financial position as of September 30, 2015 and results of operations for the periods ended September 30, 2015 and 2014 have been extracted from the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (SEC). The Company's financial position as of December 31, 2014 has been extracted from the audited financial statements included in its Annual Report on Form 10-K, filed with the SEC on March 26, 2015. You should refer to both the Company's Quarterly Report on Form 10-Q and its Annual Report on Form 10-K for a complete discussion of financial information.

Investor Relations Contact

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Source: ContraFect Corporation