Zacks Small-Cap Research
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Medicenna Therapeutics Corp. (MDNA-NASDAQ)

MDNA: Update on ABILITY Trial…

Based on our probability adjusted DCF model that takes into account potential future revenues of MDNA55, MDNA11, and the Superkine platform MDNA is valued at $7.00/share. This model is highly dependent upon continued clinical success of those compounds and will be adjusted accordingly based upon future clinical results.

Current Price (04/19/23)	US$0.62
Valuation	**US$7.00**

OUTLOOK

On March 30, 2023, Medicenna Therapeutics Corp. (MDNA) provided an update on the monotherapy dose escalation portion of the ongoing Phase 1/2 ABILITY study of MDNA11. Thus far, there have been no dose-limiting toxicities, dose interruptions, dose de-escalations, or treatment discontinuations due to safety issues. There continues to be evidence of durable anti-cancer activity, including the complete regression of one of three metastatic lesions in a fourth-line pancreatic cancer patient who had a confirmed partial response. In addition, a patient with metastatic melanoma has maintained stable disease for more than 70 weeks. We anticipate initial anti-tumor data from the fifth dosing cohort and initial PK/PD data from the sixth dosing cohort to be reported at a medical meeting in the second quarter of 2023.

SUMMARY DATA

52-Week High	**$1.88**
52-Week Low	**$0.40**
One-Year Return (%)	**-52.42**
Beta	**1.23**
Average Daily Volume (sh)	**74,357**
Shares Outstanding (mil)	**70**
Market Capitalization ($mil)	**$43**
Short Interest Ratio (days)	**1**
Institutional Ownership (%)	**20**
Insider Ownership (%)	**33**
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 2018 Estimate	**N/A**
P/E using 2019 Estimate	**N/A**

Risk Level	**Above Avg.**
Type of Stock	**Small-Blend**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(In millions of $CAD)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2022	0 A	0 A	0 A	0 A	0 A
2023	0 A	0 A	0 A	0 E	0 E
2024					0 E
2025					0 E

Earnings per Share
(in $CAD)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2022	-$0.12 A	- $0.15 A	-$0.09 A	-$0.06 A	-$0.42 A
2023	-$0.08 A	-$0.01 A	-$0.02 A	-$0.09 E	-$0.31 E
2024					-$0.41 E
2025					-$0.42 E

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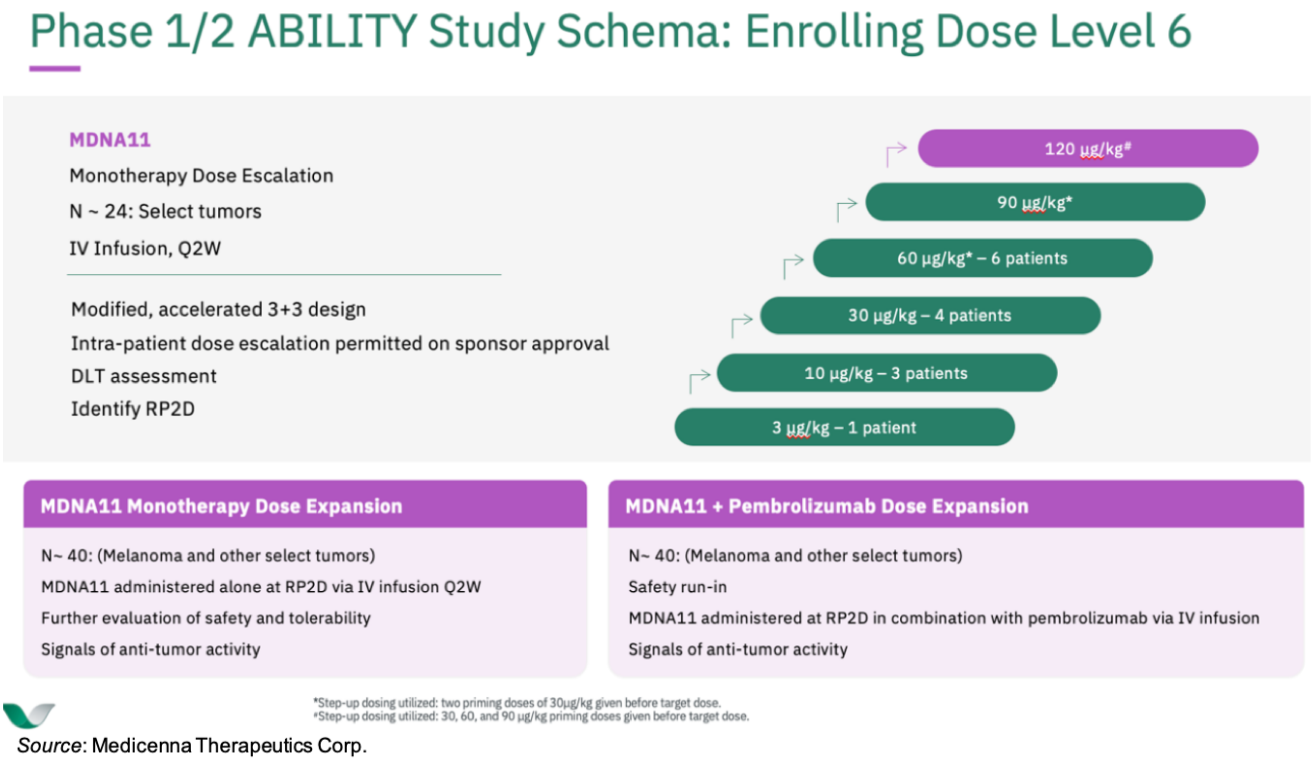
WHAT'S NEW

Business Update

Update on ABILITY Trial

On March 30, 2023, Medicenna Therapeutics Corp. (MDNA) provided an update on the ongoing Phase 1/2 ABILITY Study (A Beta-only IL-2 ImmunoTherapY Study) of MDNA11 in patients with advanced solid tumors (NCT05086692). Importantly, MDNA11 continues to demonstrate a favorable tolerability profile as a monotherapy. To date, there have been no reports of dose-limiting toxicities, dose interruptions, dose de-escalations, or treatment discontinuations due to safety issues. Dosing is currently underway in the sixth dose escalation cohort (120 μg/kg). Patients will receive 30, 60, and 90 μg/kg "priming" doses of MDNA11 followed by fixed doses of 120 μg/kg. Once a recommended Phase 2 dose (RP2D) is determined, Medicenna will begin the monotherapy dose expansion portion of the trial with approximately 40 patients. The company will then begin a combination therapy arm of MDNA11 + pembrolizumab in an additional 40 patients. An outline of the company's plans is given below.

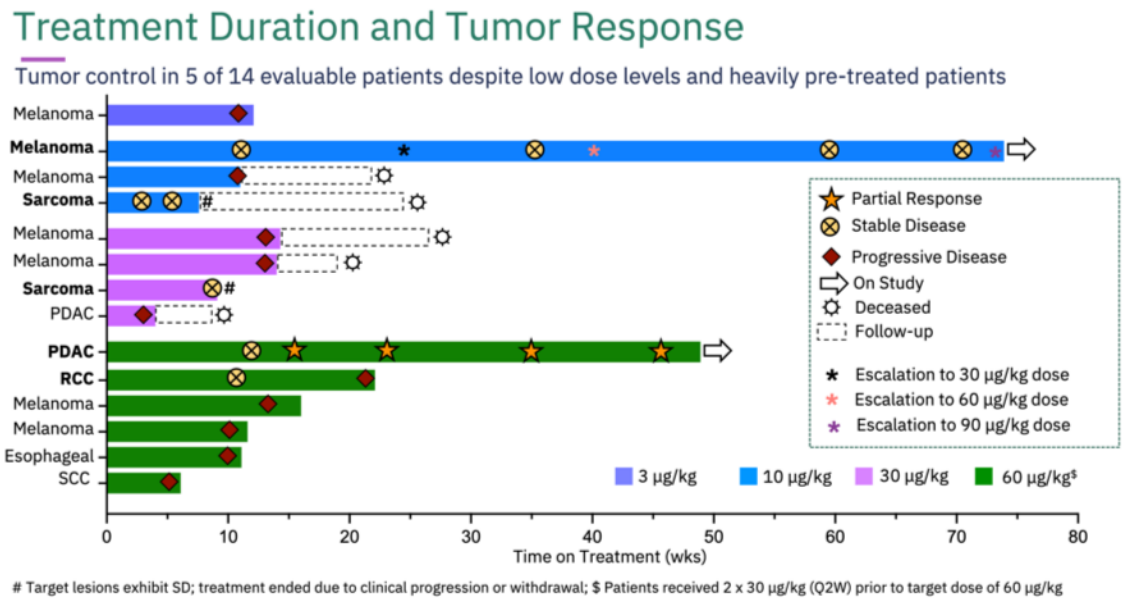


Source: Medicenna Therapeutics Corp.

The company provided an update on three patients that were on-study at the prior data cutoff:

1. Fourth-line (4L) PDAC Stage IV (Dose Level 4 @ 60 μg/kg following two divided doses of 30 μg/kg); confirmed PR, with both target lesions shrinking by a total of 59% at Week 46 from 37% at Week 23. In addition, there was complete regression of a non-target metastatic lesion.
2. 3L melanoma (initial dose level 2 @ 10 μg/kg; escalated to dose level 3 @ 30 μg/kg, dose level 4 @ 60 μg/kg, and dose level 5 @ 90 μg/kg); SD has been maintained through Week 70.
3. 3L non-clear cell renal cell carcinoma (Dose level 4 @ 60 μg/kg); Week 23 scan showed progressive disease however the patient had a meaningful period of stable disease prior to progression.

A summary of the treatment duration and responses for each of the 14 evaluable patients is shown below:



Source: Medicenna Therapeutics Corp.

We anticipate initial anti-tumor activity data from the fifth dosing cohort along with PK/PD data from the sixth dosing cohort of the ABILITY trial in the second quarter of calendar 2023. In addition, the dose expansion portion of the trial should initiate in the second quarter of 2023 and a combination trial of MDNA11 with pembrolizumab should initiate in the third quarter of 2023.

Conclusion

The complete tumor regression of a non-target lesion in the fourth-line pancreatic cancer patient is very encouraging and we look forward to the next update from the trial later in the second quarter of 2023. The fact that MDNA11 continues to have a very favorable tolerability and safety profile is extremely important, and we will be interested to see how the molecule performs in combination therapy with pembrolizumab. That study should get underway in the third quarter of 2023. With no changes to our model our valuation remains at $7.00 per share.

PROJECTED FINANCIALS

Medicenna Therapeutics Corp.
Income Statement

Medicenna Therapeutics Corp. In Canadian Dollars	**FY 2022 A**	**Q1 FY23 A**	**Q2 FY23 A**	**Q3 FY23 A**	**Q4 FY23 E**	**FY 2023 E**	**FY 2024 E**	**FY 2025 E**
MDNA55	$0	$0	$0	$0	$0	$0	$0	$0
YOY Growth	-	-	-	-	-	-	-	-
MDNA11	$0	$0	$0	$0	$0	$0	$0	$0
YOY Growth	-	-	-	-	-	-	-	-
Other Income	$0	$0	$0	$0	$0	$0	$0	$0
YOY Growth	-	-	-	-	-	-	-	-
Total Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-
Cost of Sales	$0	$0	$0	$0	$0	$0	$0	$0
Product Gross Margin	-	-	-	-	-	-	-	-
Research & Development	$14.7	$2.4	$2.4	$2.9	$4.5	$12.2	$17.0	$20.0
General & Administrative	$7.8	$1.9	$2.4	$2.0	$2.2	$8.5	$9.0	$10.0
Other (Income) Expense	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($22.5)	($4.3)	($4.7)	($4.9)	($6.7)	($20.7)	($26.0)	($30.0)
Operating Margin	-	-	-	-	-	-	-	-
Non-Operating Expenses (Net)	$0.1	($0.2)	($3.8)	($3.8)	($0.1)	($0.4)	($0.4)	($0.4)
Pre-Tax Income	($22.6)	($4.2)	($0.9)	($1.1)	($6.6)	($20.3)	($25.6)	($29.6)
Income Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cumulative translation adjustment	$0.0	-$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income	**($22.6)**	**($4.2)**	**($0.9)**	**($1.2)**	**($6.6)**	**($20.3)**	**($25.6)**	**($29.6)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($0.42)**	**($0.08)**	**($0.01)**	**($0.02)**	**($0.09)**	**($0.31)**	**($0.41)**	**($0.42)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	54.3	56.1	63.6	69.6	70.0	64.8	63.0	70.0

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

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Source: Zacks Small Cap Research

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