Zacks Small-Cap Research
Sponsored – Impartial - Comprehensive

August 15, 2023
David Bautz, PhD
(312) 265-9471
dbautz@zacks.com

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

Medicenna Therapeutics Corp. (MDNA-NASDAQ)

MDNA: Commences Monotherapy Dose Expansion in Phase 1/2 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 (08/15/23)	US$0.38
Valuation	**US$7.00**

OUTLOOK

On August 9, 2023, Medicenna Therapeutics Corp. (MDNA) provided a clinical update on the ongoing Phase 1/2 ABILITY study of MDNA11, the company's beta-only, long-acting IL-2 super-agonist. The company recently completed the dose escalation portion of the study and selected 90 μg/kg dose as the recommended dose for expansion. MDNA11 exhibited a favorable safety profile and promising single-agent activity during the dose escalation portion of the study, with a confirmed partial response in a patient with metastatic pancreatic ductal adenocarcinoma (PDAC). For the dose expansion portion of the study, the trial will focus on patients with melanoma, non-melanoma skin cancers, and microsatellite instability-high (MSI-H) or deficient DNA mismatch repair (dMMR) cancers. Initial results from the monotherapy dose expansion are expected in the fourth quarter of 2023. In addition, Medicenna will be initiating a combination trial of MDNA11 with Keytruda in the fourth quarter of 2023.

SUMMARY DATA

52-Week High	**$1.08**
52-Week Low	**$0.37**
One-Year Return (%)	**-60.82**
Beta	**1.12**
Average Daily Volume (sh)	**414,712**
Shares Outstanding (mil)	**70**
Market Capitalization ($mil)	**$27**
Short Interest Ratio (days)	**1**
Institutional Ownership (%)	**13**
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	**High**
Type of Stock	**Small-Value**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(In millions of $CAD)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
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
(in $CAD)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2023	-$0.08 A	- $0.01 A	-$0.02 A	-$0.05 A	-$0.16 A
2024	-$0.04 A	-$0.05 E	-$0.05 E	-$0.06 E	-$0.21 E
2025					-$0.20 E
2026					-$0.20 E

WHAT'S NEW

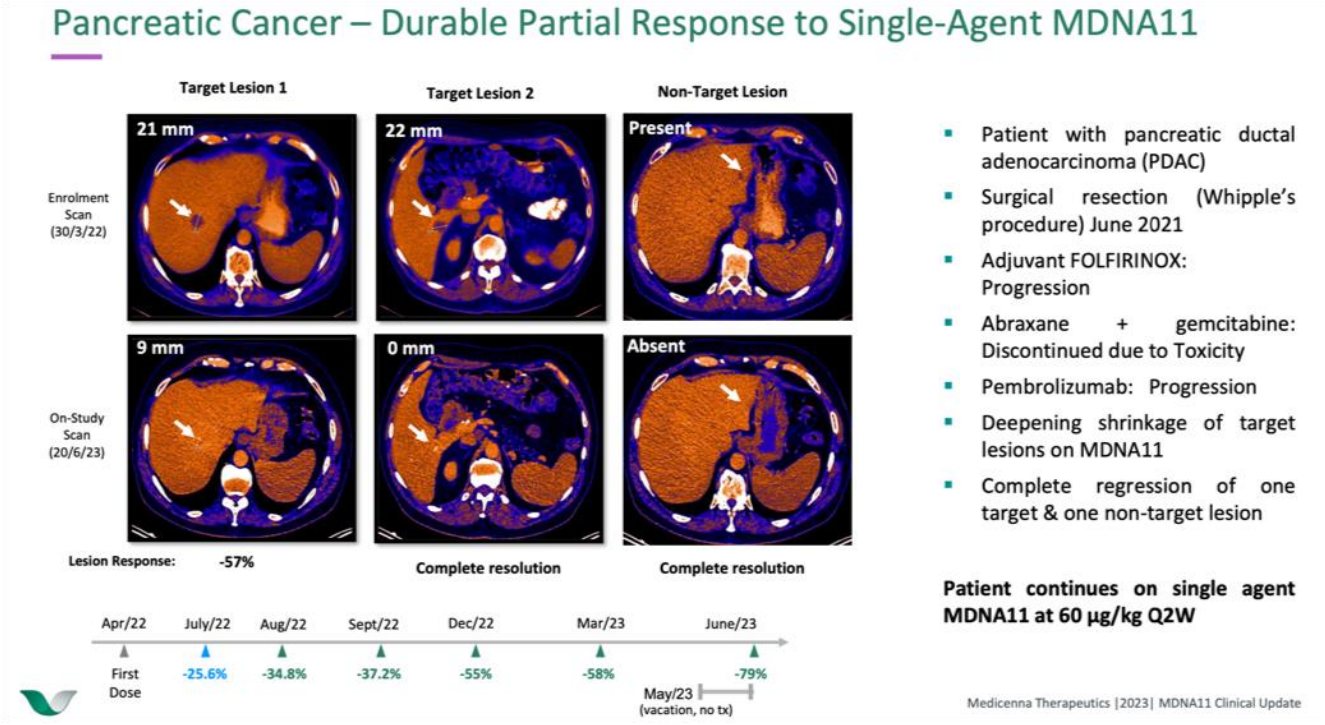
Business Update

MDNA11 Dose Escalation Complete; Monotherapy Dose Expansion Underway

On August 9, 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). The dose escalation portion of the trial has ended and there have been a number of key findings, including:

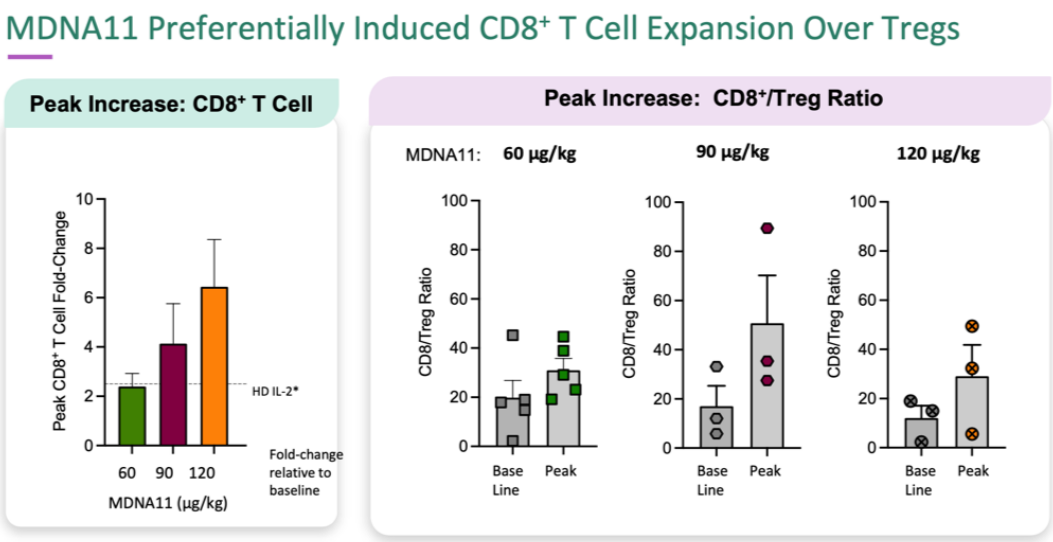
A favorable safety profile: MDNA11 has been generally well tolerated across all dosing cohorts. The majority of adverse events (AEs) have been grade 1 or 2 and there have been no grade 4 or 5 AEs.

Promising single-agent activity: Tumor control was observed in 7 or 19 evaluable patients (37%). One particularly encouraging outcome was a confirmed partial response in a patient with metastatic pancreatic ductal adenocarcinoma (PDAC). This patient had failed multiple prior systemic therapies. The most recent scan showed an 80% decrease in total tumor size (sum or tumor diameters of the target lesions) with complete regression in two out of the three lesions, as shown in the following image. The patient is continuing on study treatment with MDNA11.



Source: Medicenna Therapeutics Corp.

Pharmacodynamic data continues to support use of MDNA11: MDNA11 induces a robust expansion of activated CD8+ T cells and NK cells while at the same time limiting the expansion of Tregs. For example, the following slide shows the expansion of CD8+ T cells increasing with increasing dose of MDNA11 (lower left). In addition, MDNA11 increases the CD8+/Treg ratio (lower right).



CD8+ T cells are powerful effectors of the anti-cancer immune response

Source: Medicenna Therapeutics Corp.

Recommended dose for expansion of 90 µg/kg: Medicenna has selected 90 µg/kg given every other week by IV infusion for the monotherapy expansion phase of the trial.

Targeted tumor types: Following consultation with Medicenna's Clinical Advisory Board, evaluation of the clinical data from the ABILITY study, and an understanding of the immunobiology of the selected tumor types, the following tumor types will be recruited into the dose expansion phase of the study – melanoma, non-melanoma skin cancers, and microsatellite instability-high (MSI-H) or deficient DNA mismatch repair (dMMR) cancers.
We anticipate initial results from the monotherapy dose expansion portion of the trial to be available in the fourth quarter of 2023. The company is also planning to initiate a combination phase of the trial evaluating MDNA11 with Keytruda. That portion of the trial is expected to begin in the fourth quarter of 2023, with initial results expected in early 2024.

Financial Update

On July 28, 2023, Medicenna announced financial results for the first quarter of fiscal year 2024, which ended June 30, 2023. As expected, the company did not report any revenues for the first quarter of fiscal year 2024. Net loss for the first quarter of fiscal year 2024 was CAD$2.9 million, or $0.04 per share, compared to a net loss of CAD$4.2 million, or $0.07 per share, for the first quarter of fiscal year 2024. R&D expenses for the current quarter were approximately CAD$2.8 million, compared to approximately CAD$2.4 million for the first quarter of fiscal year 2024. The increase was primarily due to increased licensing and patent legal fees along with higher clinical costs for the ABILITY study. G&A expenses in the first quarter of fiscal year 2024 were CAD$1.6 million, compared to CAD$1.9 million for the first quarter of fiscal year 2023. The decrease was primarily due to reduction in directors and officers liability insurance premiums.

As of June 30, 2023, Medicenna had approximately CAD$29.6 million in cash, cash equivalents, and marketable securities. We estimate that the company is funded through key milestones in the ABILITY trial and through calendar 3Q24. As of July 28, 2023, Medicenna had approximately 69.6 million shares of common stock outstanding and, when factoring in warrants and stock options, a fully diluted share count of approximately 91.5 million.

Conclusion

We are pleased to see that Medicenna has finished the dose escalation portion of the ABILITY trial and will be initiating the dose expansion phase of the study. The results seen in the dose escalation phase are very encouraging, particularly the partial response in the patient with pancreatic cancer. We look forward to updates from the dose expansion portion of the study in the fourth quarter of 2023. We will also be interested to see how MDNA11 performs in combination with Keytruda, with initial results from that study expected in the first quarter of 2024. We have made no changes to our model and our valuation remains at $7.00 per share.

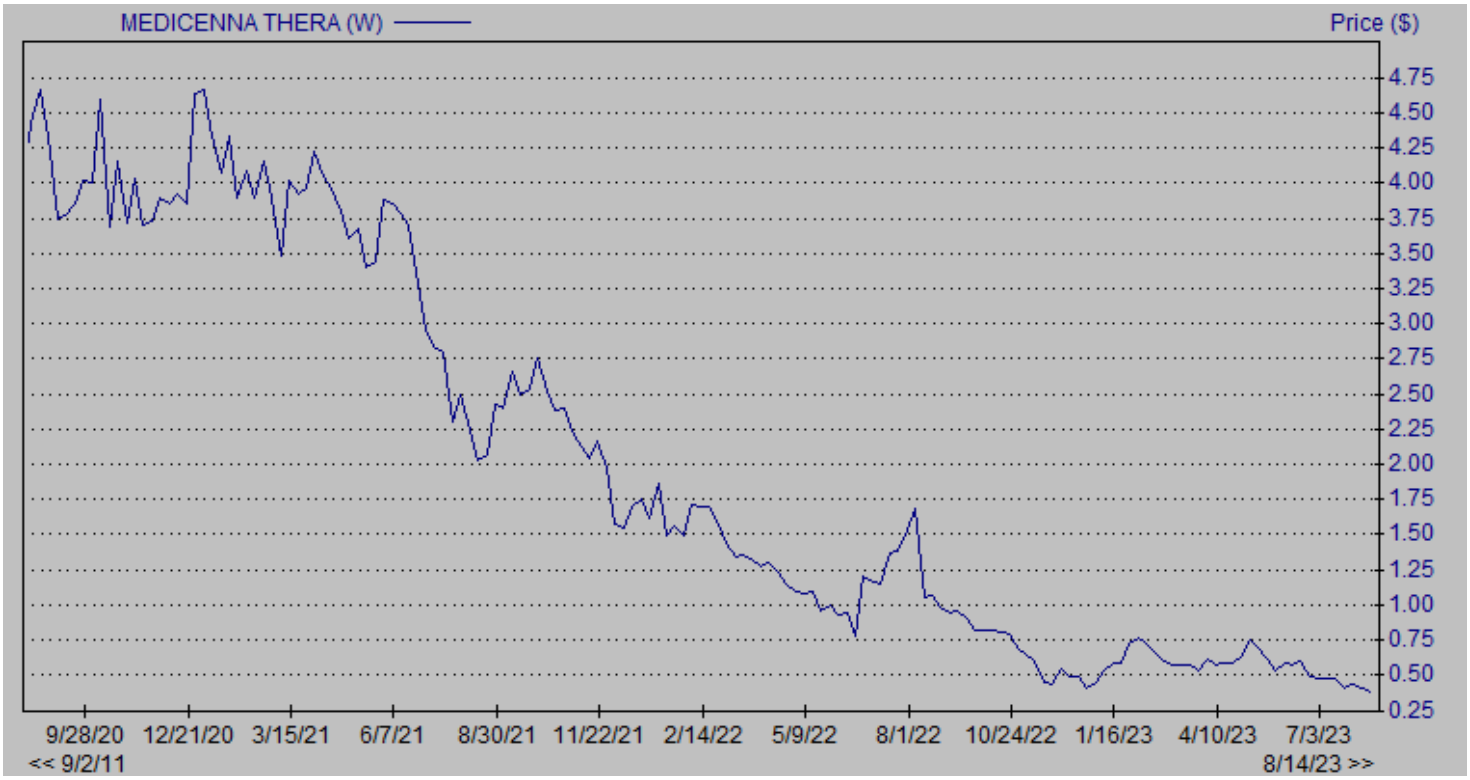
PROJECTED FINANCIALS

Medicenna Therapeutics Corp.
Income Statement

Medicenna Therapeutics Corp. In Canadian Dollars	FY 2023 A	Q1 FY24 A	Q2 FY24 E	Q3 FY24 E	Q4 FY23 E	FY 2024 E	FY 2025 E	FY 2026 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	$9.3	$2.8	$2.2	$2.5	$2.9	$10.4	$10.5	$11.0
General & Administrative	$7.0	$1.6	$1.7	$2.0	$2.2	$7.5	$8.0	$8.5
Other (Income) Expense	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($16.3)	($4.5)	($3.9)	($4.5)	($5.1)	($18.0)	($18.5)	($19.5)
Operating Margin	-	-	-	-	-	-	-	-
Non-Operating Expenses (Net)	($6.3)	($1.6)	($0.2)	($0.2)	($0.2)	($2.2)	($0.4)	($0.4)
Pre-Tax Income	($10.0)	($2.9)	($3.7)	($4.3)	($4.9)	($15.8)	($18.1)	($19.1)
Income Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cumulative translation adjustment	($0.1)	($0.1)	($0.1)	($0.0)	($0.0)	($0.2)	($0.2)	($0.2)
Net Income	**($10.1)**	**($2.9)**	**($3.8)**	**($4.3)**	**($4.9)**	**($15.9)**	**($18.3)**	**($19.3)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($0.16)**	**($0.04)**	**($0.05)**	**($0.05)**	**($0.06)**	**($0.21)**	**($0.20)**	**($0.20)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	64.7	69.6	70.0	80.0	85.0	76.2	90.0	95.0

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

HISTORICAL STOCK PRICE



Source: Zacks Small Cap Research

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 a resident outside of Canada and is not an associated person of any Canadian registered adviser and/or dealer and, 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.