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Zacks Small-Cap Research

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MIRA Pharmaceuticals (MIRA-NASDAQ)

MIRA: Good Cash to Pursue Goals

MIRA is creating a THC analog that has the same benefits as THC without the negative side effects. We value MIRA at $16.50 using discounted cash flow analysis and a 20% discount rate.

Current Price (11/13/23)	$1.53
Valuation	**$16.50**

OUTLOOK

MIRA Pharmaceuticals is a preclinical-stage pharmaceutical company focused on the development and commercialization of new molecular synthetic cannabinoid analog for the treatment of adult patients with neuropathic pain as well as anxiety and cognitive decline typically associated with early-stage dementia.

MIRA1a is a compound that has shown in preclinical testing indications of having the benefits of THC without the negative side effects—potentially aiding millions of patients. The company's earnings report showed good cash balances.

SUMMARY DATA

52-Week High	**$7.42**
52-Week Low	**$1.42**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**16,977**
Shares Outstanding (mil)	**15**
Market Capitalization ($mil)	**$23**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**26**
Insider Ownership (%)	**N/A**
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 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small Growth**
Industry	**Biotech**

ZACKS ESTIMATES

Revenue
(in millions of $)

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

Earnings

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	N/A	N/A	N/A	N/A	(0.48) A
2023	(0.09) A	(0.10) E	(0.26) E	(0.23) E	(0.68) E
2024	(0.16) E	(0.12) E	(0.11) E	(0.13) E	(0.52) E
2025	(0.16) E	(0.10) E	(0.09) E	(0.08) E	(0.43) E

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UPDATE

MIRA reported 3Q earnings of -$0.26 per share as it continues to test and research its potential groundbreaking therapy. Most importantly, the company reported cash of $5.9 million, which is vitally important to a company at this stage and even more so due to the tight credit markets facing smaller companies.

MIRA Pharmaceuticals is a preclinical-stage pharmaceutical company focused on the development and commercialization of a new molecular synthetic cannabinoid analog for the treatment of adult patients with neuropathic pain as well as anxiety and cognitive decline typically associated with early-stage dementia. Most of us have heard about the purported benefits of cannabis (marijuana) in easing pain for sufferers who have had no other valid alternative as well as ease anxiety that people may be experiencing in times of high stress. However, most people also know the potential downside to using that form of "therapy." First, there's the minor issue that cannabis remains a Schedule 1 drug at the Federal level, putting it on par with heroine and LSD and making it complicated to possess despite the many states having "legalized" possession and use in various levels and for various uses.

But we aren't hinging our belief on the illegal component, as laws can change, and people haven't seemed too concerned about the Federal legality of cannabis. More importantly, there are potential health downsides as well. This will be discussed further but there are widely known potential negatives associated with using cannabis, or specifically THC, which is the major psychoactive component in marijuana. One of the major problems is the dosing of an unregulated treatment that can vary greatly in potency, where using too little can mean the potential positive impact is never realized, while using too much can actually increase anxiety and irritability. Additionally, THC consumption can impair cognitive function, leading to decreased attention, memory problems, and reduced problem-solving abilities. It may also exacerbate mental health issues, particularly in individuals predisposed to conditions like anxiety, schizophrenia and bipolar disorder. Frequent use can lead to cannabis use disorder, characterized by withdrawal symptoms, cravings, and difficulty quitting, which can have a significant impact on one's daily life. Additionally, smoking or vaping THC can harm lung health and may increase the risk of respiratory issues. Furthermore, THC can impair motor coordination and judgment, increasing the risk of accidents and injuries when driving or operating machinery.

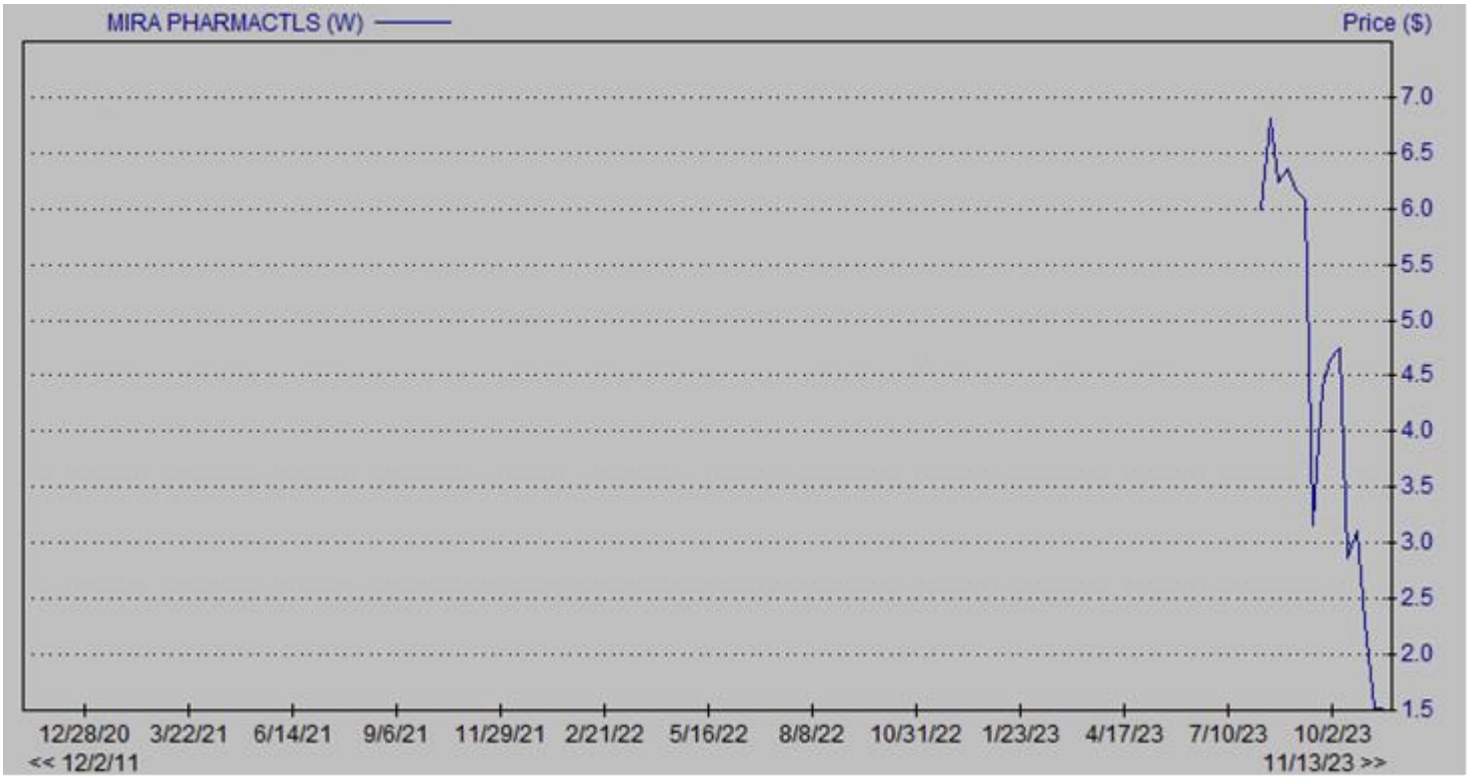
In response to these problems with traditional marijuana, MIRA is developing a compound that offers the benefits of cannabis while minimizing the potential negative side effects. That might sound too good to be true, but we are encouraged by the initial test results we've seen and impressed by the leadership and their passion for finding a solution to a problem plaguing a vast number of Americans. MIRA1Aa, as it known, is being developed as the first prescription drug to target the cannabinoid receptors known as CB1 and CB2 for neuropathic pain, anxiety and cognitive enhancements without the impurities of marijuana or its side effects such as those discussed above.

Importantly, and for this to be a viable project, the company received great news on November 28, 2022, when the U.S. Drug Enforcement Agency (DEA) confirmed in writing that it conducted a scientific review of the chemical structure of MIRA1Aa in accordance with the definitions within the Controlled Substances Act (CSA) and its implementing regulations and determined that MIRA1Aa is not a controlled substance or listed chemical. This means that MIRA1Aa can go through the traditional FDA approval process and be used by patients, if approved, without the logistical and financial complications of working with a Schedule 1 drug —a potential exciting and extremely beneficial breakthrough and a reason, in our view for investors to take a hard look at MIRA before it gets too far along in the process and more investors push up the price.

PROJECTED INCOME STATEMENT & BALANCE SHEET

MIRA Pharmaceuticals Income Statement and Balance Sheet							
	2022A	1Q2023A	2Q2023A	3Q2023A	4Q2023E	2024E	2025E
Revenue	0	0	0	0	0	0	0
Operating Costs:							
General and Admin.	2,992,125	614,235	1,071,239	2,144,832	2,166,280	3,141,731	3,141,732
Travel Costs	1,704,350	453,550	0	0	0	1,789,568	476,228
Research and Dev.	2,351,465	271,606	(101,019)	1,015,252	1,066,015	2,469,038	2,592,490
Total Operating Costs	7,047,940	1,339,391	970,220	3,160,084	3,232,295	7,400,337	6,210,450
Interest Expense	10,250	1,653	(295,887)	0	0	0	0
Net Gain/(Loss)	(7,058,190)	(1,341,044)	(674,333)	(3,160,084)	(3,232,295)	(7,400,337)	(6,210,450)
Basic and diluted loss per share	(0.48)	(0.09)	(0.10)	(0.26)	(0.23)	(0.52)	(0.43)
Common Shares Outstanding	14,745,170	14,745,170	13,313,000	13,639,197	13,911,981	14,190,221	14,474,025
Assets							
Current Assets							
Cash	350,978	1,349	24,823	5,868,330	2,636,035	2,372,432	2,135,188
Deferred Offering Costs	143,427	189,688	353,372	0	0	0	0
Prepaid Expenses	0	60,031	42,524	202,817	204,845	206,894	208,963
Total Current Assets	494,405	251,068	420,719	6,071,147	2,840,880	2,579,325	2,344,151
Other Assets	363,669	146,512	3,404,417	2,947,065	3,006,006	3,066,126	3,127,449
Total Assets	858,074	397,580	3,825,136	9,018,212	5,846,887	5,645,452	5,471,600
Liabilities and SH deficit (equity)							
Current Liabilities							
Trade accts payable	811,738	918,618	659,101	779,573	787,369	795,242	803,195
Other current liablities	558,301	1,200,232	1,917,944	88,800	90,576	92,388	94,235
Total Current Liabilities	1,370,039	2,118,850	2,577,045	868,373	877,945	887,630	897,430
Non-current operating lease	84,267	68,206	51,472	34,528	32,802	31,162	29,603
Total Liabilities	1,454,306	2,187,056	2,628,517	902,901	910,746	918,791	927,034
Common Stock	6,657	6,657	6,657	1,478	6,657	6,657	6,657
Additional Paid-in Capital	8,699,830	8,847,630	13,099,830	23,611,517	23,847,632	24,086,108	24,326,970
Accumulated Deficit	(9,302,719)	(10,643,763)	(11,909,868)	(15,497,684)	(18,918,149)	(19,366,105)	(19,789,060)
Total SH deficit/(equity)	(596,232)	(1,789,476)	1,196,619	8,115,311	4,936,140	4,726,661	4,544,567
Total Liabilities and SH deficit/(equity)	858,074	397,580	3,825,136	9,018,212	5,846,887	5,645,452	5,471,600

HISTORICAL STOCK PRICE



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