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MediciNova, Inc. (MNOV-NASDAQ)

MNOV: Multiple Abstracts Presented at 92nd EAS Congress…

Based on our probability adjusted DCF model that takes into account potential future revenues from MN-166 in ALS, progressive MS, addiction, and as an MCM; and MN-001 in NAFLD, MNOV is valued at $26.00/share. This model is highly dependent upon continued clinical success of the company's assets and will be adjusted accordingly based upon future clinical results.

Current Price (06/04/24)	$1.47
Valuation	**$26.00**

OUTLOOK

On May 28, 2024, MediciNova, Inc. (MNOV) announced that two abstracts regarding MN-001 (tipelukast) and MN-002 were presented as posters at the 92nd European Atherosclerosis Society (EAS) 2024 Congress. The poster on MN-001 discussed the objectives and design of the ongoing Phase 2 clinical trial enrolling patients with Type 2 diabetes, dyslipidemia, and NAFLD, which has now enrolled a total of 33 patients. The other presentation regarded the mechanism of action of MN-001/MN-002 in lipid metabolism. On June 3, 2024, an abstract regarding results of a Phase 1b/2a clinical trial of MN-166 (ibudilast) in glioblastoma (GBM) was presented at the American Society of Clinical Oncology (ASCO) 2024 Annual Meeting. The combination of MN-166 and temozolomide was safe and well tolerated but most efficacy outcomes were not superior to historical controls.

SUMMARY DATA

52-Week High	**$2.60**
52-Week Low	**$1.28**
One-Year Return (%)	**-32.26**
Beta	**0.70**
Average Daily Volume (sh)	**22,630**
Shares Outstanding (mil)	**49**
Market Capitalization ($mil)	**$72**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**10**
Insider Ownership (%)	**15**
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 2024 Estimate	**N/A**
P/E using 2025 Estimate	**N/A**

Risk Level	**Average**
Type of Stock	**Small-Value**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	0 A	0 A	1 A	0 A	1 A
2024	0 A	0 E	0 E	0 E	0 E
2025					0 E
2026					0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-$0.06 A	-$0.06 A	-$0.01 A	-$0.08 A	-$0.21 A
2024	-$0.06 A	-$0.06 E	-$0.06 E	-$0.06 E	-$0.23 E
2025					-$0.24 E
2026					-$0.24 E

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WHAT'S NEW

Business Update

Abstracts Regarding MN-001 and MN-002 Presented at 92nd EAS Congress

On May 28, 2024, MediciNova announced that two abstracts regarding MN-001 (tipelukast) and MN-002 were presented as posters at the 92nd European Atherosclerosis Society (EAS) 2024 Congress. The poster on MN-001 pertained to the objectives and design of the ongoing Phase 2 clinical trial enrolling patients with Type 2 diabetes, dyslipidemia, and NAFLD. The poster on MN-002 pertained to the mechanism of action of MN-001/MN-002 in lipid metabolism, particularly the effects on cholesterol efflux capacity.

As of April 25, 2024, 33 patients have been enrolled in the Phase 2 trial of MN-001, with 19 patients currently randomized and 14 patients having completed the study. Thus far, three subjects have reported serious adverse events, however they were all considered "unlikely related" or "unrelated" to study drug.

For MN-002, the objectives of that study were to evaluate both MN-001 and its major active metabolite MN-002 on cholesterol efflux capacity in THP-1 macrophages and the effect of both compounds on ABCA1 and ABCG1 mRNA expression. The results showed that MN-002:

- Increased both ApoA1-mediated and HDL-mediated cholesterol efflux capacity compared to control
- Increased ABCA1 and ABCG1 protein levels in a dose-dependent manner
- Increased ABCA1/ABCG1/LXR-alpha mRNA levels
- Increased ABCA1 protein levels independent of a PKA signaling pathway inhibitor

Phase 1b/2a Results for MN-166 in GBM Presented at ASCO 2024

On June 3, 2024, MediciNova, Inc. (MNOV) announced that an abstract regarding results for the Phase 1b/2a clinical trial of MN-166 (ibudilast) in glioblastoma (GBM) was presented at the American Society of Clinical Oncology (ASCO) 2024 Annual Meeting.

The Phase 1b/2a trial is a two-part study taking place at Dana-Farber Cancer Institute; Part 1 of the trial evaluated the safety and tolerability of MN-166 in combination with temozolomide (TMZ) and determined the optimal dose of MN-166 to use in Part 2 of the study. Part 2 evaluated the efficacy of MN-166 and TMZ as measured by the proportion of subjects who are progression-free at 6 months. Additional outcome measures included overall survival, response rate, and median six-month progression-free survival. A total of 62 patients were enrolled into the trial; 36 with newly diagnosed GBM and 26 with recurrent GBM.

The data from the trial showed that the combination of TMZ and MN-166 was safe and well-tolerated. There were no unexpected adverse events in either new GBM or recurrent GBM patients. The most commonly reported adverse events were lymphopenia, leukopenia, thrombocytopenia, and neutropenia. Progression-free survival at 6 months (PFS6) was 44% (new GBM) and 31% (recurrent GBM), with the PFS6 in recurrent GBM being higher than historical controls. Neither median PFS (8.7 months for new GBM and 2.4 months for recurrent GBM) or median overall survival (21 months in new GBM and 8.6 months in recurrent GBM) were higher than historical data.

Previously published preclinical data showed improved survival in animal models of GBM when MN-166 was used in combination with PD-1 or PD-L1 antibody therapy compared to either treatment alone. Given these results, future clinical studies may evaluate MN-166 in combination with either anti-PD-1 and/or anti-PD-L1.

Intellectual Property Update for MN-166

MediciNova has recently announced multiple Notices of Allowance for new patents regarding MN166:

- In March 2024, the company announced a Notice of Allowance from the Japanese Patent Office for a pending patent application that covers MN-166 for the treatment of macular injury associated with

progressive multiple sclerosis (MS). The allowed claims cover the use of MN-166 for treating macular injury associated with progressive MS and for decreasing macular volume loss associated with progressive MS. The allowed claims cover both primary progressive MS and secondary progressive MS.

- In May 2024, the company announced it received notification from the U.S. Patent and Trademark Office (USPTO) for a new patent that covers extended-release oral formulations of MN-166.

- In May 2024, the company announced it received notification from the USPTO for a pending patent application that covers MN-166 for the treatment of chlorine-induced acute respiratory distress syndrome (ARDS). The allowed claims cover the use of MN-166 as a monotherapy or in combination therapy for treating chlorine-induced ARDS.

Financial Update

On May 9, 2024, MediciNova filed Form 10-Q with financial results for the first quarter of 2024. As expected, the company did not report any revenues in the first quarter of 2024. R&D expenses in the first quarter of 2024 were $1.8 million compared to $1.5 million in the first quarter of 2023. The increase was primarily due to an increase in MN-166 manufacturing expenses. G&A expenses in the first quarter of 2024 were $1.4 million compared to $1.5 million in the first quarter of 2023. The decrease was primarily due to a decrease in performance-based stock option expense.

Net cash used in operating activities was $3.9 million for the first quarter of 2024. MediciNova exited the first quarter of 2024 with approximately $47.1 million in cash and cash equivalents. We estimate the company has sufficient capital to fund operations at least through the end of 2024. As of May 7, 2024, the company had approximately 49.0 million shares outstanding and when factoring in stock options a fully diluted share count of approximately 57.6 million.

Conclusion

While the combination of MN-166 and TMZ was safe and well tolerated in GBM patients, it did not positively impact overall survival in either new GBM or recurrent GBM patients. Based on these results we have removed the GBM indication from our model, which has decreased our valuation to $26 per share.

PROJECTED FINANCIALS

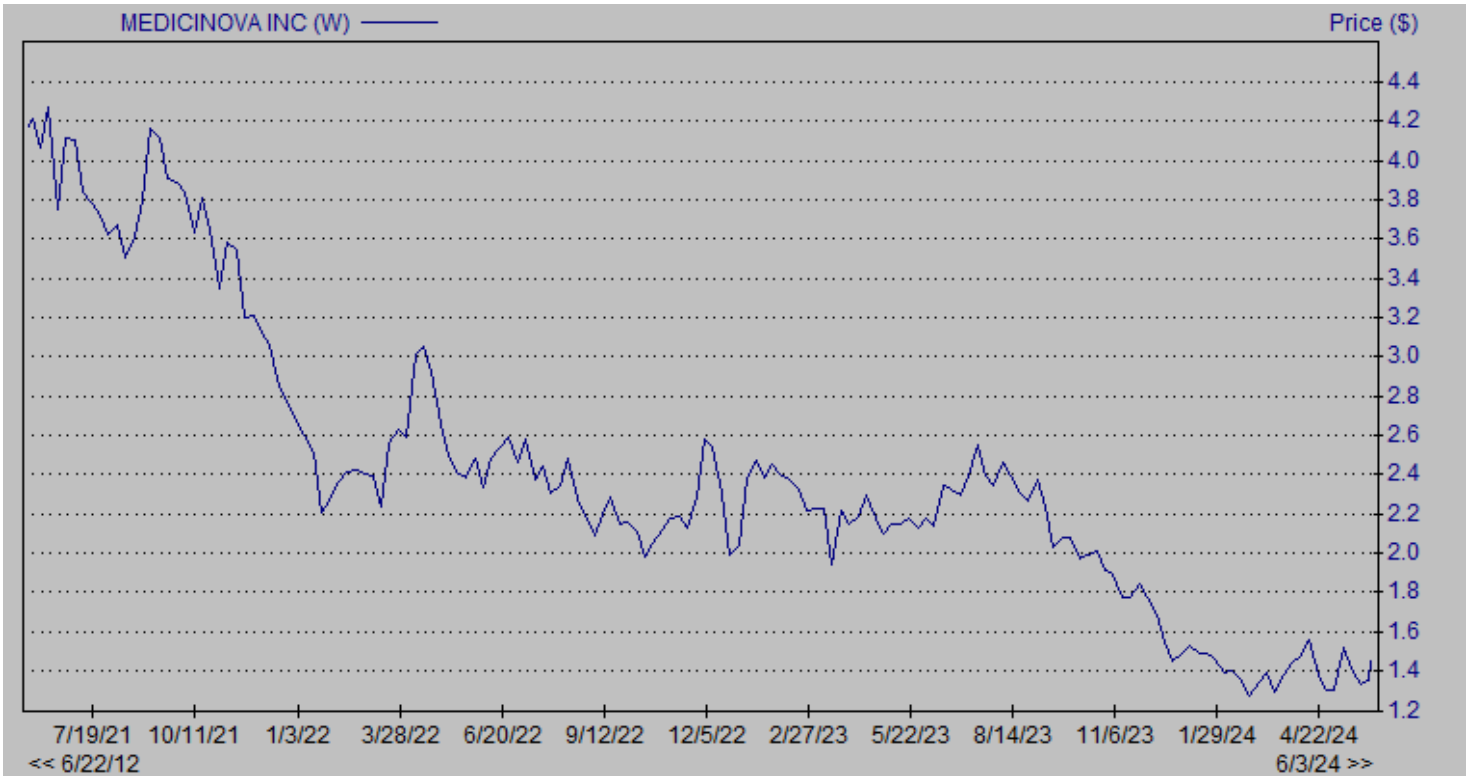
MediciNova Inc.
Income Statement

MediciNova, Inc.	2023 A	Q1 A	Q2 E	Q3 E	Q4 E	2024 E	2025 E	2026 E
MN-166 (Multiple Sclerosis)	$0	$0	$0	$0	$0	$0	$0	$0
MN-166 (ALS)	$0	$0	$0	$0	$0	$0	$0	$0
MN-166 (DCM)	$0	$0	$0	$0	$0	$0	$0	$0
MN-001 (NASH)	$0	$0	$0	$0	$0	$0	$0	$0
Grants & Collaborative Revenue	$1	$0	$0	$0	$0	$0	$0	$0
Total Revenues	**$1**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Cost of Sales	$0	$0	$0	$0	$0	$0	$0	$0
Product Gross Margin	-	-	-	-	-	-	-	-
Research & Development	$5.7	$1.8	$1.4	$1.5	$1.5	$6.2	$6.0	$6.3
General & Administrative	$5.2	$1.4	$1.4	$1.4	$1.5	$5.6	$5.7	$5.8
Other Expenses	$0	$0	$0	$0	$0	$0	$0	$0
Operating Income	($9.9)	($3.1)	($2.8)	($2.9)	($3.0)	($11.8)	($11.7)	($12.1)
Operating Margin	-	-	-	-	-	-	-	-
Non-Operating Expenses (Net)	$1.3	$0.4	$0.0	$0.0	$0.0	$0.4	$0.0	$0.0
Pre-Tax Income	($8.6)	($2.8)	($2.8)	($2.9)	($3.0)	($11.4)	($11.7)	($12.1)
Income Taxes Paid	$0	$0	$0	$0	$0	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	**($8.6)**	**($2.8)**	**($2.8)**	**($2.9)**	**($3.0)**	**($11.4)**	**($11.7)**	**($12.1)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($0.17)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.06)**	**($0.23)**	**($0.24)**	**($0.24)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	49.046	49.046	49.046	49.046	49.050	49.047	49.200	49.500

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

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