

2023年5月31日

Zacks Small-Cap Researchによる当社レポートの発表に関するお知らせ

現地時間の5月30日、米国シカゴに本拠を置く投資家向け情報サービス企業 Zacks Small-Cap Research の David Bautz 氏による、当社レポートが発表されましたので、参考情報としてお知らせいたします。

なお、当該レポートは、恐れ入りますが、権利の都合上、英文のままのご案内となりますので、ご了承ください。

【Zacks Small-Cap Research 公式 web サイト】

<https://scr.zacks.com/>

※当該レポートは、本書の下部にありますので、スクロールしてご確認ください。

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MediciNova, Inc.

(MNOV-NASDAQ)

MNOV: Compelling Buying Opportunity in Differentiated Small-Cap Biotech...

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 \$27.00/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 (05/30/23) **\$2.19**
Valuation **\$27.00**

OUTLOOK

MediciNova, Inc. (MNOV) recently filed form 10-Q with financial results for the first quarter of 2023. We believe that MediciNova represents a compelling buying opportunity as there are a number of attributes that differentiate it from other small-cap biotech companies: 1) The company has a strong balance sheet, with approximately \$55 million in cash and no debt as of March 31, 2023 (likely enough to fund operations into 2027); 2) A large and diverse pipeline – the company currently has 11 programs in clinical development; and 3) Credible management – MediciNova has a consistent track record of under promising and over delivering for company goals. These factors help the company stand apart from a crowded small-cap biotech sector that continues to experience turbulence.

SUMMARY DATA

52-Week High **\$2.66**
52-Week Low **\$1.95**
One-Year Return (%) **-14.06**
Beta **0.99**
Average Daily Volume (sh) **13,295**

Shares Outstanding (mil) **49**
Market Capitalization (\$mil) **\$105**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **25**
Insider Ownership (%) **17**

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 **Below Avg.**
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)
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
2025					0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-\$0.07 A	-\$0.08 A	-\$0.07 A	-\$0.06 A	-\$0.29 A
2023	-\$0.06 A	-\$0.07 E	-\$0.08 E	-\$0.08 E	-\$0.29 E
2024					-\$0.32 E
2025					-\$0.35 E

WHAT'S NEW

Business Update

Positive Attributes Make MediciNova a Compelling Buying Opportunity

MediciNova, Inc. (MNOV) is a biopharmaceutical company focused on developing small molecule therapies for treating a range of diseases with high unmet medical need. With the biotechnology sector continuing to face a number of headwinds, we feel now is the time for investors to focus on companies that have the best opportunity in the years ahead. We believe MediciNova has a number of compelling attributes that set it apart from other small-cap biotechnology companies.

- Strong Balance Sheet** – MediciNova exited the first quarter of 2023 with approximately \$55.3 million in cash and cash equivalents. Due to a low operating cash burn rate, we estimate this is enough to fund operations for at least the next four years. The financial markets continue to be difficult for small-cap biotech companies, and those looking to raise additional capital are typically needing to sell shares at a significant discount and/or with warrants that further dilute existing shareholders. MediciNova will not need to raise additional capital for a substantial length of time, thus current shareholders will not need to be too concerned with the possibility of near-term dilution or the stock price reacting unfavorably to a stock sale. In addition, the company is focused on using its existing resources in a fiscally prudent manner, including not spending money on or continuing projects that are unlikely to be successful. MediciNova also has a very successful track record of securing grant funding for many of its clinical trials including progressive MS, degenerative cervical myelopathy, chemotherapy-induced peripheral neuropathy, methamphetamine dependence, opioid dependence, alcohol dependence, and Long COVID.
- Multiple 'Shots on Goal'** – Unlike many biotechnology companies which have a limited pipeline focused on one or two indications, MediciNova has a robust pipeline with multiple indications for its two lead development compounds, MN-166 and MN-001, as shown in the following image:

MN-166 (ibudilast), Oral Anti-Inflammatory / Neuroprotective Therapeutic			
	Long COVID		
	COVID-19 ARDS		
Neurodegenerative Diseases	Progressive Multiple Sclerosis NeuroNEXT / Cleveland Clinic (Funded by NINDS)	FT	
	ALS (Amyotrophic Lateral Sclerosis) Carolinas / Massachusetts General Hospital (MGH)	★ FT	
	Degenerative Cervical Myelopathy (DCM) University of Cambridge (Funded by NIHR in the UK)		
	Chemotherapy-Induced Peripheral Neuropathy (CIPN) University of Sydney (Funded by Concord Cancer Centre)		
	Glioblastoma (GBM) Dana-Farber Cancer Institute	★	
Substance Dependence	Methamphetamine Dependence UCLA / Oregon Health & Science (Funded by NIDA / VA)	FT	
	Opioid Dependence Columbia University (Funded by NIDA)		
	Alcohol Dependence UCLA (Funded by NIAAA / NIDA)		
MN-001 (tipelukast), Oral Anti-Inflammatory / Anti-Fibrotic Therapeutic			
	Nonalcoholic Fatty Liver Disease (NAFLD) / NASH	FT	
	IPF (Idiopathic Pulmonary Fibrosis)	★ FT	

© MediciNova, Inc. ★ Orphan Drug FT Fast Track

Source: MediciNova, Inc.

This diverse pipeline is important as it mitigates the risk of a major stock price crash due to a potential failure of a single program. Over the years, countless biotechnology companies have lost 90% or more of their stock value in a single day due to a failed clinical trial of their only program in clinical development simply because they had no other programs of value. Unlike these biotechnology companies, MediciNova is not a “one trick pony” and has plenty of indications to develop if one program does not work out.

Upcoming catalysts include topline data for Part 2 of the ongoing Phase 1/2 clinical trial of MN-166 in glioblastoma (GBM) and topline data for the Phase 2b clinical trial of MN-166 in alcohol use disorder (AUD).

- In January 2023, the company announced completion of enrollment for the GBM trial and in February 2023 the company announced new data was presented regarding tumor tissue analysis and clinical outcome from Part 1 of the study (the dose ranging portion of the trial). Part 2 of the study is evaluating the efficacy of MN-166 in combination therapy with temozolomide (TMZ).
 - In January 2023, the company announced completion of enrollment in the Phase 2b clinical trial of MN-166 in AUD. The trial is evaluating MN-166 as a potential treatment to decrease alcohol consumption in treatment-seeking individuals diagnosed with AUD and is funded by the National Institute on Alcohol Abuse and Alcoholism (NIAAA).
3. **Credible Management** – MediciNova takes a conservative approach to its investor relations strategy which has resulted in a high level of management credibility. While many companies are continually revising anticipated timelines and repeatedly missing their company goals, MediciNova has a track record of under promising and over delivering on company goals. This strategy prevents situations where stock sell offs occur due to the inability to meet pre-specified timelines or deliver on company goals. In addition, MediciNova has a history of unexpected positive surprises such as the clinical trial of MN-166 for prevention of acute respiratory distress syndrome (ARDS) caused by COVID-19 which had positive results, the BARDA contract to study MN-166 as a potential therapy for chlorine gas-induced ARDS and acute lung injury (ALI), and the grant-funded trial of MN-166 as a potential therapy for Long COVID. Importantly, unlike many biotechnology companies, MediciNova does not hype low-probability future events as it recognizes that doing so would lead to disappointed investors and a lower stock price when the event does not materialize.

Financial Update

On May 11, 2023, MediciNova filed Form 10-Q with financial results for the first quarter of 2023. As expected, the company did not report any revenues in the first quarter of 2023. R&D expenses in the first quarter of 2023 were \$1.5 million compared to \$2.1 million in the first quarter of 2022. The decrease was primarily due to a decrease in MN-166 manufacturing expenses. G&A expenses in the first quarter of 2023 were \$1.5 million compared to \$1.3 million in the first quarter of 2022. The increase was primarily due to increased non-cash stock-based compensation.

Net cash used in operating activities was \$3.2 million for the first quarter of 2023. MediciNova exited the first quarter of 2023 with approximately \$55.3 million in cash and cash equivalents. We estimate the company has sufficient capital to fund operations for at least the next few years. As of May 9, 2023, the company had approximately 49.0 million shares outstanding and when factoring in stock options a fully diluted share count of approximately 57.7 million.

Conclusion

We view MediciNova as a compelling investment opportunity at the current valuation, particularly given the vast number of opportunities present in its pipeline. There are numerous examples of one-drug/one-indication companies that can lose up to 90% of their value in one day if a clinical trial is negative. We don't see that as a possibility for MediciNova. In regards to upcoming catalysts, we look forward to topline data from Part 2 of the Phase 1/2 GBM trial and the Phase 2b AUD trial. With no changes to our model our valuation remains at \$27.

PROJECTED FINANCIALS

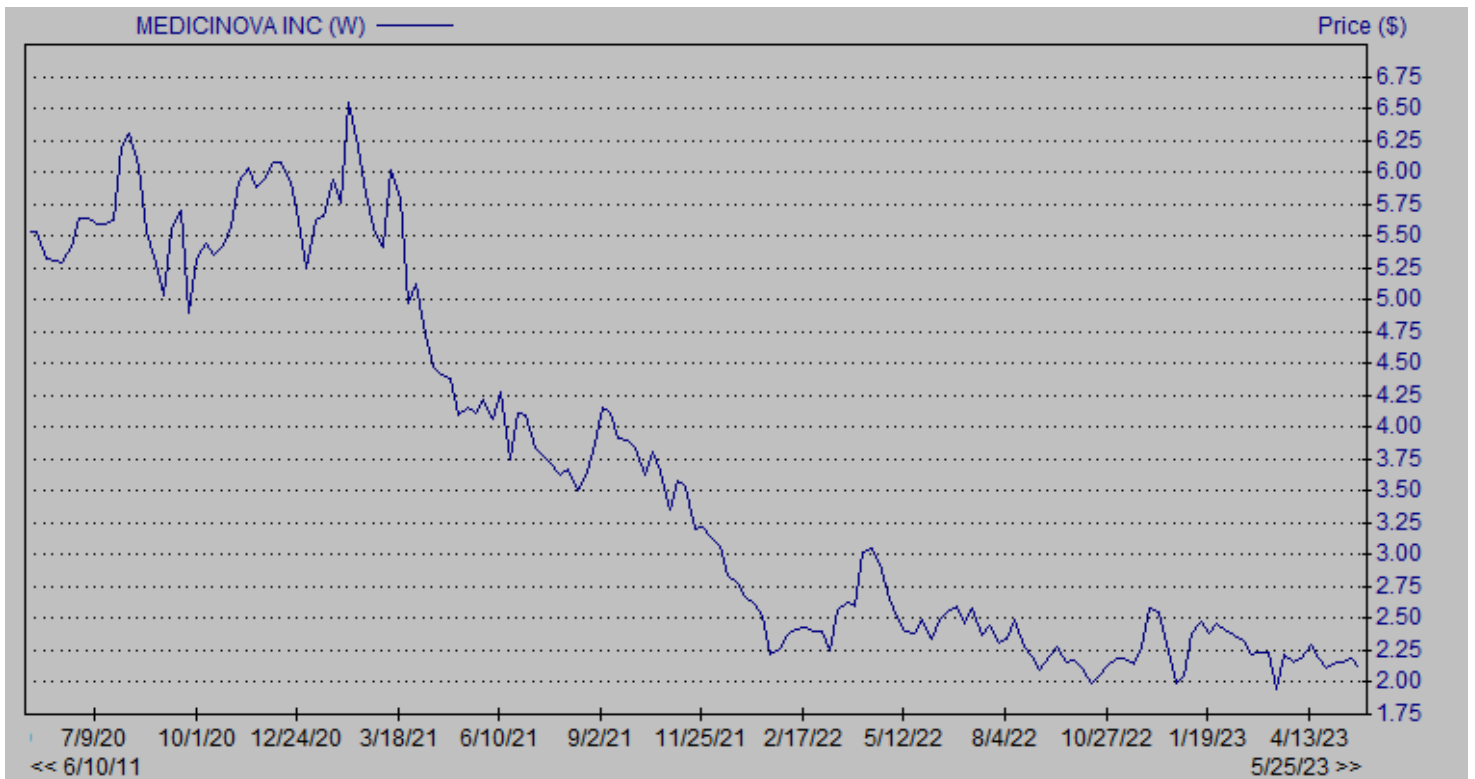
MediciNova Inc. Income Statement

MediciNova, Inc.	2022 A	Q1 A	Q2 E	Q3 E	Q4 E	2023 E	2024 E	2025 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 (Addiction)	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Product Gross Margin</i>	-	-	-	-	-	-	-	-
Research & Development	\$9.1	\$1.5	\$2.3	\$2.5	\$2.6	\$8.9	\$10.0	\$11.0
General & Administrative	\$5.5	\$1.5	\$1.4	\$1.5	\$1.6	\$6.0	\$6.0	\$6.5
Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Income	(\$14.6)	(\$3.0)	(\$3.7)	(\$4.0)	(\$4.2)	(\$14.9)	(\$16.0)	(\$17.5)
<i>Operating Margin</i>	-	-	-	-	-	-	-	-
Non-Operating Expenses (Net)	\$0.6	\$0.0	\$0.2	\$0.2	\$0.2	\$0.6	\$0.1	\$0.1
Pre-Tax Income	(\$14.1)	(\$2.9)	(\$3.5)	(\$3.8)	(\$4.0)	(\$14.2)	(\$15.9)	(\$17.4)
Income Taxes Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Tax Rate</i>	0%	0%	0%	0%	0%	0%	0%	0%
Net Income	(\$14.1)	(\$2.9)	(\$3.5)	(\$3.8)	(\$4.0)	(\$14.2)	(\$15.9)	(\$17.4)
<i>Net Margin</i>	-	-	-	-	-	-	-	-
Reported EPS	(\$0.29)	(\$0.06)	(\$0.07)	(\$0.08)	(\$0.08)	(\$0.29)	(\$0.32)	(\$0.35)
<i>YOY Growth</i>	-	-	-	-	-	-	-	-
Basic Shares Outstanding	49,045	49,046	49,050	49,050	49,050	49,049	49,200	49,500

Source: Zacks Investment Research, Inc.

David Bautz, PhD

HISTORICAL STOCK PRICE



Source: Zacks Small Cap Research

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