

MIRA Pharmaceuticals, Inc. (Nasdaq: MIRA)

Rating: Hold

Price Target: N/A

Share Price: \$0.90

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Company Data

Average Daily Volume (M)	0.31
52-Week Range	0.51-5.01
Shares Outstanding (M)	16.81
Market Cap (M)	15.13
Enterprise Value (M)	12.30
Total Cash (M), mrq	2.83
Total Debt (M)	0
Total Debt to Cap	0

Estimates

FYE: Dec		2024A	2025E	2026E
EPS	Q1	(0.09)	(0.14)	
	Q2	(0.11)	(0.15)	
	Q3	(0.14)	(0.06)	
	Q4	(0.18)	(0.06)	
	FY	(0.51)	(0.36)	(0.24)
P/E		NM	NM	NM
Rev	Q1	0.0	0.0	0.0
	Q2	0.0	0.0	0.0
	Q3	0.0	0.0	0.0
	Q4	0.0	0.0	0.0
	FY	0.0	0.0	0.0
EV/Sales		N/A	N/A	N/A

One-Year Performance Chart



As of April 3, 2025. Source: E*Trade.

MIRA Pharmaceuticals Reports FY 2024 Results

FY 2024 earnings in line with our projections; binding letter of intent signed to acquire SKNY Pharmaceuticals in all-stock transaction; press release light on detail

MIRA Pharmaceuticals reported financial results for the year ended December 31, 2024. Revenue was \$0, on par with our estimate. FY 2024 GAAP EPS of \$(0.51) was slightly better than our \$(0.52) estimate, mainly due to lower than expected R&D costs during Q4 2024. Common shares outstanding increased from 14.78 million at the end of FY 2023 to 16.56 million on December 31, 2024, representing 12.04% dilution.

In our view, for a company of MIRA's size with two part-time employees—MIRA's CEO and CFO divide their time between MIRA and Telomir Pharmaceuticals—and one key consultant, FY 2024 G&A expenses of over \$1 million per quarter are high. Included in the G&A expense category are employee-related expenses, including salaries, benefits, and travel, other administrative functions, as well as fees paid for legal, accounting, and tax services, consulting fees, and facilities costs not included in R&D expense.

MIRA's cash position declined from \$4.60 million at the end of FY 2023 to \$2.83 million on December 31, 2024, causing the company's current ratio to drop from 8.7x to 4.0x. Management stated that existing cash resources are expected to support operations into Q3 2025. In light of MIRA's FY 2024 net loss of \$7.85 million, net cash used in operations of \$5.56 million, and advancement of lead asset Ketamir-2 into Phase 1 clinical development during Q1 2025, there is an urgent need to raise additional funds in the near future.

On March 24, 2025, MIRA announced that it had signed a binding letter of intent to acquire SKNY Pharmaceuticals, Inc., a privately-held Delaware corporation, in an all-stock transaction. The announcement said that the SKNY acquisition would provide MIRA with \$5 million in cash or cash equivalents, while adding a preclinical-stage oral drug candidate targeting weight loss and smoking cessation to MIRA's development pipeline.

A \$5 million cash infusion would provide MIRA with runway into 2026. However, according to MIRA's 2024 Form 10K, filed with the SEC on April 28, 2025, the completion of the transaction is contingent upon an independent valuator determining that SKNY's valuation is at least equal to or greater than that of MIRA. Consequently, the contemplated transaction would result in 100% or greater dilution of MIRA's existing shareholders via the issuance of shares from the company's treasury. Closing of the transaction is not assured at present, as the parties must complete a 90-day mutual due diligence period, negotiate deal terms, and obtain the necessary regulatory and board approvals.

Markets responded negatively to the announcement, with the stock losing 30% in value, dropping from a closing price of \$1.28 on March 21 (the last trading day before the announcement) to \$0.90 on April 3.

We note the numerous uncertainties associated with the proposed transaction given the black box nature of the target: SKNY has no publicly available business description, website, financial information, or information regarding owners, principals, or management. In addition, purchase price and share exchange ratio have yet to be determined.

MIRA management declined to answer questions raised by its press release announcing the proposed SKNY transaction, referring us to a Form S-4 the company will be filing at an unspecified future date. Our questions sought additional detail on the molecular structure of the SKNY asset, intellectual property protecting it, preclinical data and/or IND-enabling studies that would allow for verification of the asset, and clarification on interrelationships between members of MIRA's board, executive leadership or major shareholders with the principals or owners of SKNY, among others. While some of these questions were answered in MIRA's 2024 Form 10K—SKNY, the proposed acquisition target, and MIRA's largest shareholder, are related parties—other questions remained unaddressed.

SKNY licenses its weight loss and smoking cessation asset from Miralogx, an intellectual property development company owned by the Bay Shore Trust. The Bay Shore Trust is MIRA's largest shareholder. Miralogx also licenses development and commercialization rights to Ketamir-2 to MIRA. MIRA and Miralogx have the same founder, who is also MIRA's largest shareholder, and thus Miralogx is considered a related party to both MIRA and SKNY. MIRA's founding stockholders include the Bay Shore Trust and Miralogx, which collectively own more than 27% of MIRA's outstanding common stock, as well as outstanding warrants to purchase up to 700,000 shares of MIRA's common stock at an exercise price of \$2.00, expiring on November 15, 2028.

In clinical news, MIRA submitted an Investigational New Drug (IND) application for Ketamir-2 for neuropathic pain indications to the FDA in December 2024. In its response, the agency required the

completion of a neurotoxicity study before proceeding with human dosing. This study is currently ongoing and management expects it to be completed by May 2025.

In further developments, Mira received approval from the Israeli Ministry of Health and Institutional Review Board to initiate a Phase I clinical trial, which is now being conducted at the Clinical Pharmacology Unit, Hadassah Medical Center in Jerusalem, Israel. On April 1, 2025, MIRA announced the enrollment of the first volunteer study subjects, along with expected completion of the study by Q4 2025.

In our view, the scientific rationale underlying MIRA's developmental assets, Ketamir-2 and MIRA-55, is backed by compelling preclinical data. In its 2024 Form 10K, MIRA confirmed its plan to sell or license both assets after the completion of Phase 2 development. However, even if Ketamir-2 were to move directly from Phase 1 to Phase 2 clinical trials at the end of 2025, we believe that a sale of the asset or a licensing transaction of a scope that would allow MIRA to finance the development of follow-on assets cannot reasonably be completed before 2027.

Further, even if MIRA manages to secure \$5 million of development capital in a potential acquisition of SKNY Pharmaceuticals in Q3 2025, the company would still need to raise additional capital in 2026 in what has been and we expect will continue to be a very challenging market for micro and nano cap companies.

With MIRA's share price under pressure, we caution investors that in addition to the potential dilution associated with the proposed SKNY acquisition, there will likely be the pain of a potential reverse stock split to maintain compliance with Nasdaq listing requirements before the market rewards any clinical successes.

We maintain our HOLD rating on the stock for the time being, until more information on the proposed SKNY acquisition becomes available to permit a more in-depth assessment of MIRA's prospects.

Company Description

MIRA Pharmaceuticals, Inc. is a preclinical development-stage life sciences company with two neuroscience programs targeting a broad range of neurologic diseases and neuropsychiatric disorders:

1. Ketamir-2, a novel oral ketamine analog, is under investigation in various neuropathic pain indications and to potentially deliver ultra-rapid antidepressant effects for patients suffering from major depressive disorder (MDD).
2. MIRA-55, a novel oral synthetic tetrahydrocannabinol (THC) pharmaceutical, is currently in IND-enabling studies to treat anxiety and cognitive decline typically associated with early-stage dementia in the elderly, as well as the chronic neuropathic pain frequently experienced by this patient population.

Both Ketamir-2 and MIRA-55 are classified as unscheduled drugs by the DEA and are therefore not considered controlled substances or listed chemicals.

MIRA Pharmaceuticals was incorporated in September 2020 and is a virtual company with no physical office space or corporate headquarters. The company completed its initial public offering on August 3rd, 2023, and its common stock began trading on the Nasdaq Capital Market under the symbol “MIRA.”

Risks to Our Price Target

- **High Failure Rate in Drug Development.** Conclusions based on preclinical data or early clinical trials may prove inaccurate and are not necessarily predictive of future results in later stage clinical trials. There is a high rate of failure for drug candidates proceeding through clinical trials. MIRA Pharmaceuticals’ long-term viability depends on the success of its product candidates, some or all of which may fail to receive regulatory approval.
- **Future Market Traction Remains Uncertain.** Even upon receiving FDA marketing approval, MIRA’s product candidates may fail to achieve the degree of market penetration required for commercial success. Reimbursement by third-party payors will be instrumental in gaining market traction.
- **Competition From Companies with Greater Resources.** The emerging market for synthetic cannabinoids as well as development and commercialization of drugs is and will remain competitive. For some of MIRA’s areas of therapeutic interest, various treatment options are already available, and new treatments are under development by competitors with greater financial and technical resources than MIRA’s. Achieving market traction will require superior safety and efficacy profiles compared to existing options, at competitive price points.
- **Outsourcing Clinical Development and Manufacturing Creates Vulnerabilities.** Any problems in MIRA Pharmaceuticals’ anticipated outsourcing of clinical trials and manufacturing processes and capabilities could have a material adverse effect on its business and financial condition.
- **No Patent Protection Exists for MIRA-55.** MIRA Pharmaceuticals has no issued patents relating to MIRA-55, and its patent application for MIRA-55 may not result in the issuance of such patents. This would significantly impact MIRA-55’s potential competitive position and likely result in diminished market share, price levels, and third-party reimbursement.
- **Strength of Intellectual Property Remains Untested.** If the scope of MIRA’s intellectual property portfolio is not broad enough, competitors could design comparable products around MIRA’s technology or patent rights and hamper its ability to successfully commercialize its products. In addition, patent protection for naturally occurring compounds is difficult to obtain, defend, and enforce. Patent litigation is expensive and would siphon off limited resources.

- **Uncertain Ability to Continue as a Going Concern.** Because MIRA Pharmaceuticals is not currently generating revenue and operates at a loss, the company is dependent on the continued availability of additional financing to continue business operations. Clinical trials are expensive, time-consuming, uncertain, and susceptible to change, delay, or termination. The FDA regulatory approval process is lengthy and inherently unpredictable. MIRA's IPO proceeds should fund preclinical development and provide runway through Q4 2024, but there is no assurance that additional financing will be available on reasonable terms.
- **Ability to Maintain Nasdaq Listing Requirements in Question.** MIRA stock has seen a sharp decline from its IPO price of \$7.00 to its current price of around \$1.00. In light of the need to raise additional capital, if MIRA fails to remain in compliance with the Nasdaq requirements the company's shares could be delisted. As a result, liquidity would drop, MIRA's ability to raise future rounds of external capital via equity or debt financing would be impaired, the terms and conditions of future financings could be punitive, and current shareholders might experience significant dilution.

DISCLOSURES

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I, Karen Sterling, certify that (1) the views expressed in this report accurately reflect my own views about any and all of the subject companies and securities; and (2) no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by me in this report.

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Kingswood Capital Partners, LLC uses the following rating system:

Buy - Buy-rated stocks are expected to have a total return of at least 15% over the following 12 months and are the most attractive stocks in the sector coverage area.

Hold - We believe this stock will perform in line with the average return of others in its industry over the following 12 months.

Sell - Sell-rated stocks are expected to have a negative total return of at least 15% over the following 12 months and are the least attractive stocks in the sector coverage area.

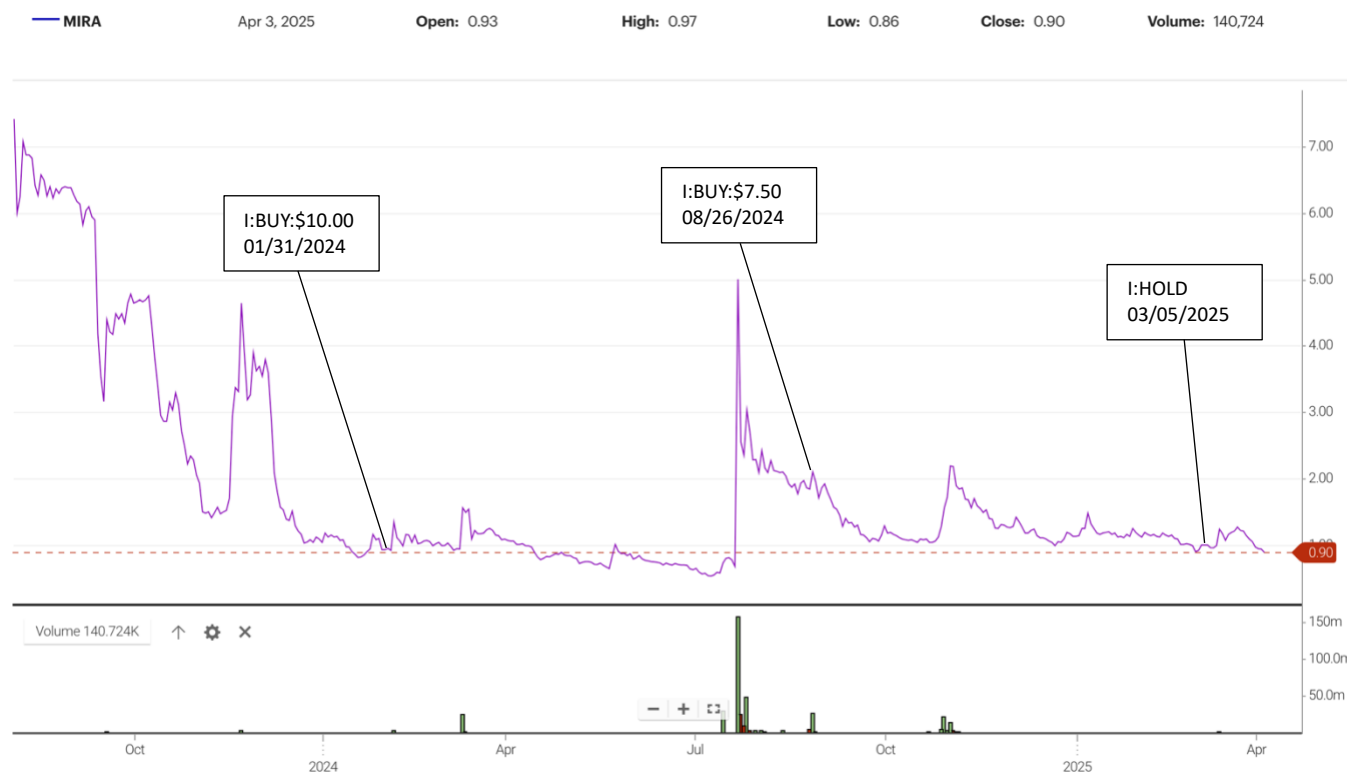
Not Rated (NR) - Kingswood Capital Partners, LLC DOES NOT cover this stock and therefore DOES NOT have forecasts, projections, target price and recommendation on the shares of this company.

Company-Specific Disclosures

Distribution of Ratings				
Kingswood Capital Partners, LLC				
Investment Banking Services/Past 12 Months				
Rating	Count	Percent	Count	Percent
BUY	5	71.43	1	20.00
HOLD	1	14.29	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	14.29	1	100.00

As of March 2025.

MIRA Pharmaceuticals Rating History



As of April 3, 2025. Source: E*Trade.

Other Disclosures

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