

MIRA Pharmaceuticals, Inc. (Nasdaq: MIRA)

Rating: Hold

Price Target: N/A

Share Price: \$1.45

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Company Data

Average Daily Volume (M)	1.29
52-Week Range	0.51-5.01
Shares Outstanding (M)	16.92
Market Cap (M)	24.53
Enterprise Value (M)	23.33
Total Cash (M), mrq	1.21
Total Debt (M)	0
Total Debt to Cap	0

Estimates

FYE: Dec	2024A	2025E	2026E
EPS			
Q1	(0.09)	(0.11)	A
Q2	(0.11)	(0.15)	
Q3	(0.14)	(0.06)	
Q4	(0.18)	(0.06)	
FY	(0.51)	(0.33)	(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 May 16, 2025. Source: E*Trade.

MIRA Pharmaceuticals Reports Q1 2025 Results

Q1 FY 2025 earnings beat our projections

MIRA Pharmaceuticals reported financial results for the quarter ended March 31, 2025. Revenue was \$0, on par with our estimate. Q1 2025 net loss was \$1.78 million, or \$(0.11) per share on 16.65 million weighted average common shares outstanding, beating our \$(0.14) EPS estimate due to lower than expected R&D costs.

We note that stock-based compensation expense for the quarter was \$874,812, constituting 58.68% of total G&A expense of \$1.49 million. Common shares outstanding increased from 16.56 million on December 31, 2024, to 16.92 million on May 14, 2025, representing 2.17% dilution.

MIRA's cash position declined from \$2.83 million on December 31, 2024 to \$1.21 million on March 31, 2025, highlighting the need for additional capital to continue operations. Nonetheless, the company's current ratio increased from 4.0x to 12.9x, due to a reduction in accounts payable and accrued liabilities.

On March 19, 2025, MIRA signed a binding letter of intent to acquire SKNY Pharmaceuticals, Inc., a privately-held Delaware corporation, through a stock exchange transaction. 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.

On May 8, 2025, MIRA announced that its Board of Directors had approved the planned acquisition of SKNY Pharmaceuticals, following the completion of independent valuation reports on both companies, which valued SKNY Pharmaceuticals at \$30.5 million and MIRA at \$30.0 million. The merger remains subject to shareholder approval of both companies. If approved, the transaction will result in over 100% dilution of MIRA's existing shareholders via the issuance of shares from the company's treasury.

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. To date, no Form S-4 has been filed with the SEC, but MIRA's Form 10K, filed with the SEC on March 28, 2025, indicated that SKNY, the proposed acquisition target, and MIRA's largest shareholder are related parties.

Much rides on the success of the proposed acquisition for MIRA: not only would it refill the company's coffers and secure the ability to continue development of its clinical assets, it would also allow MIRA to regain compliance with Nasdaq Listing Rule 5550(b)(1), which requires listed companies to maintain a minimum of \$2.5 million in stockholders' equity.

With \$1.3 million in stockholders' equity as of March 31, 2025, MIRA is currently in violation of this rule and was notified of this fact by Nasdaq on April 8, 2025. Having to raise cash via the company's \$7 million at-the-market (ATM) offering facility with Rodman & Renshaw would be costly and likely to further depress MIRA's stock price. Nasdaq granted an extension for MIRA to regain compliance with Rule 5550(b)(1) by October 6, 2025.

In clinical news, MIRA announced the enrollment of the first subjects in its Phase 1 clinical trial of Ketamir-2, being conducted in Israel, as well as the completion of *in vitro* release testing for its topical formulation of Ketamir-2, under investigation for localized application in pain-related conditions, in April 2025. In May 2025, MIRA announced the absence of brain toxicity in a neurotoxicity study of Ketamir-2, which had been required by the FDA prior to initiating human clinical trials in the U.S. The results of the study will be submitted to the FDA as part of MIRA's ongoing regulatory and clinical development strategy.

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.

Even with \$5 million of development capital from the potential acquisition of SKNY Pharmaceuticals, MIRA 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's minimum bid price requirement of \$1 per share 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.

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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.

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Kingswood Capital Partners, LLC				
Investment Banking Services/Past 12 Months				
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BUY	6	75.00	2	33.33
HOLD	1	12.50	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	12.50	1	100.00

As of April 2025.

MIRA Pharmaceuticals Rating History



As of May 16, 2025. Source: E*Trade.

Other Disclosures

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