Medicenna Reports Second Quarter Fiscal 2019 Financial Results

November 13, 2018

TORONTO and HOUSTON, Nov. 13, 2018 /CNW/ - Medicenna Therapeutics Corp. ("Medicenna" or the "Company") (TSX: MDNA; OTCQB: MDNAF), a clinical stage immuno-oncology company, today reported financial results for the three and six months ended September 30, 2018.

The following are the achievements and highlights for the quarter ending September 30, 2018 through to the date hereof:

- On July 25, 2018, Medicenna announced the allowance of a patent ("Interleukin-4 receptor-binding fusion proteins and uses thereof") issued to Medicenna that covers the composition of engineered IL-4 Superkines coupled to potent fully human cytotoxic payloads.
- On August 2, 2018, Medicenna announced preliminary pre-clinical data on MDNA109, the only IL-2 in development with high affinity to CD122 to boost cancer fighting T cells, showing that fusions of MDNA109 with inactive protein scaffolds are long-acting and provide the convenience of easier dosing without sacrificing its safety and efficacy.
- On August 10, 2018 Medicenna received US$1,219,871 from the Cancer Prevention and Research Institute of Texas ("CPRIT") for the reimbursement of previously incurred expenses.
- On August 28, 2018, Medicenna presented preliminary pre-clinical results on MDNA109 at the Sixth Annual Immuno-Oncology Summit held in Boston, MA. The poster presentation highlighted data comparing efficacy and pharmacokinetics of MDNA109 and long-acting variants of MDNA109 in mouse models. Preliminary data indicated that a biweekly schedule of subcutaneous administration of MDNA109-Fc retained similar potency to daily administration of MDNA109 in aggressive murine models of metastatic melanoma, suggesting a weekly or every two-week dosing in patients.
- On September 27, 2018, Medicenna announced the allowance of a patent ("Superagonists and Antagonists of Interleukin-2") issued to the Board of Trustees of the Leland Stanford Junior University and licensed exclusively to Medicenna. The allowed patent covers the composition MDNA109 with extended half-life characteristics as well as MDNA109 fused to therapeutic proteins such as antibodies, a new class of molecules referred to as immunocytokines.
- On October 22, 2018, subsequent to the quarter end, the Company presented results and participated in a poster discussion session at the European Society for Medical Oncology Congress held in Munich on October 20, 2018. Based on interim data from patients treated at low doses implemented during the first half of the Phase 2b study of MDNA55, the presentation highlighted the benefits of using of advanced imaging modalities in order to help tumor response evaluation and identify pseudo-progression in some patients which ultimately translates into tumor shrinkage, and potential treatment benefit.
- On October 31, 2018, the Company provided an interim update from the ongoing Phase 2b clinical trial of MDNA55 for the treatment of rGBM. Results from the low dose cohorts showed promising median overall survival of 9.8 months following a single treatment with an overall survival rate of 89% at 6 months, 58% at 9 months and 47% at 12 months. This materially exceeds survival rates reported for approved drugs for rGBM; survival rates for MDNA55 at 6, 9 or 12 months are 44% to 81% better than that of Avastin and 35% to 57% better than Lomustine. Furthermore, a preliminary review of post-treatment MRIs conducted at each of the individual sites showed tumor shrinkage or stabilization for at least 8 weeks without clinical decline in 11 of 26 evaluable subjects treated at the low doses corresponding to a disease control rate of 42%.
- On November 8, 2018, the Company announced that it had filed and been receipted for a preliminary short form prospectus with securities regulatory authorities in the provinces of Ontario, British Columbia and Alberta in connection with a proposed marketed offering of units (the "Units") of the Company (the "Offering"). The Offering is being led by Bloom Burton Securities Inc. (the "Lead Agent") on behalf of a syndicate comprised of Mackie Research Capital Corporation and Richardson GMP Limited. Each Unit will be comprised of one common share of the Company and one-half of one common share purchase warrant of the Company (a "Warrant"). The number of Units to be distributed, the price of each Unit, the minimum and maximum size of the Offering, and the exercise price and term of each Warrant will be determined by negotiation between the Company and the Lead Agent in the context of the market with final terms to be determined at the time of pricing. The Preliminary Prospectus is subject to completion and amendment.
- On November 9, 2018, Medicenna presented an update to preliminary pre-clinical results on MDNA109 at the 33rd Annual Meeting of the Society for Immunotherapy of Cancer held in Washington, DC.

Financial Results

For the three months ended September 30, 2018, Medicenna reported a net loss of $897,659 or $0.04 per share compared to a loss

of $1,718,252 or $0.07 per share for the three months ended September 30, 2017. For the six months ended September 30, 2018, Medicenna reported a net loss of $1,935,876 or $0.08 per share compared to a loss of $3,973,924 or $0.16 per share for the six months ended September 30, 2017.

The decrease in net loss for the three and six months ended September 30, 2018 compared with the three and six months ended September 30, 2017 was primarily a result of: decreased regulatory, travel and salary costs as we reduce overall spending and decreased discovery and pre-clinical expenses due to work completed on the MDNA57 collaboration in the prior year, as well as a higher level of expenses offset by CPRIT eligible expenses related to MDNA55. These reductions were offset by additional spending on licensing fees, patent costs, royalties and consulting expenses associated with pipeline review and program prioritization.

Research and Development Expenses
Research and development ("R&D") expenses of $445,814 were incurred in the three months ended September 30, 2018, compared with $1,069,648 in the three months ended September 30, 2017 and $1,080,787 in R&D expenses were incurred during the six months ended September 30, 2018, compared with $2,874,438 in the six months ended September 30, 2017.

The decrease in R&D expenses in the current year periods can be primarily attributed to decreased regulatory costs due to the timing of expenditures, reduced discovery and pre-clinical expenses due to work ongoing and completed in the prior year related to the development of MDNA57, reduced salaries and benefits due to overall cost containment measures as well as a reduction in travel expenses. A higher reimbursement of expenses with respect to the CPRIT grant of $1,509,772 in the three months ended September 30, 2018 compared with $1,090,102 in the same period in the prior year, and $2,918,708 in the six months ended September 30, 2018 compared with $1,449,604 in the six months ended September 30, 2017, further reduced the R&D expenses incurred.

The above expenditure reductions were offset by the higher manufacturing costs related to MDNA109 program development and higher consulting expenses associated with a pipeline review and program prioritization.

General and Administrative Expenses
General and administrative ("G&A") expenses of $443,363 were incurred in the three months ended September 30, 2018 compared with $632,132 in the three months ended September 30, 2017. G&A expenses of $857,914 were incurred during the six months ended September 30, 2018, compared with $1,070,223 in the same period in the prior year. The decrease in G&A expenses in the current year periods is attributed to lower salary and benefit costs due to headcount reductions and a bonus accrual in the prior year and no comparable accrual in the current year periods, reduced legal expenses in the current year periods due to expenses related to the graduation from the TSX Venture Exchange to the Toronto Stock Exchange incurred in the prior year periods, a reduction in facility expenses with a lower cost alternative for office space and reduced travel costs. These cost reductions were offset by lower CPRIT eligible expenditures claimed in the current year periods, as well as higher stock based compensation in the current year periods due to the timing of stock option grant amortization

Selected Consolidated Financial Information

Medicenna Therapeutics Corp.

Condensed Consolidated Interim Statements of Operations

(Expressed in Canadian Dollars)

(Unaudited)

	3 months ended September 30, 2018	3 months ended September 30, 2017	**6 months ended September 30, 2018**	6 months ended September 30, 2017
	$	$	**$**	$
Operating expenses				
General and administration	**443,363**	632,132	**857,914**	1,070,223
Research and development	**445,814**	1,069,648	**1,080,787**	2,874,438
Total operating expenses	**889,177**	1,701,780	**1,938,701**	3,944,661
Interest (income) expense	**(9)**	(443)	**(101)**	(2,743)
Foreign exchange loss (gain)	**8,491**	16,915	**(2,724)**	32,006

	8,482	16,472	**(2,825)**	29,263
Net loss for the period	**(897,659)**	(1,718,252)	**(1,935,876)**	(3,973,924)
Cumulative translation adjustment	**(16,452)**	(79,648)	**10,744**	(124,579)
Net loss and comprehensive loss for the period	**(914,111)**	(1,797,900)	**(1,925,132)**	(4,098,503)
Basic and diluted loss per share	**(0.04)**	(0.07)	**(0.08)**	(0.16)
Weighted average number of common shares outstanding	**24,578,137**	24,344,048	**24,578,137**	24,329,111

The press release, the financial statements and the management's discussion and analysis for the quarter ended September 30, 2018 will be available on SEDAR at www.sedar.com

About Medicenna

Medicenna is a clinical stage immunotherapy company focused on oncology and the development and commercialization of novel, highly selective versions of IL-2, IL-4 and IL-13 Superkines and first in class Empowered Cytokines™ (ECs) for the treatment of a broad range of cancers. Medicenna's wholly owned subsidiary, Houston-based Medicenna BioPharma, is specifically targeting the Interleukin-4 Receptor (IL4R), which is over-expressed by at least 20 different types of cancer affecting more than one million new cancer patients every year. Supported by a significant non-dilutive grant from CPRIT, Medicenna's lead IL4-EC, MDNA55 is enrolling patients in a Phase 2b clinical trial for rGBM, the most common and uniformly fatal form of brain cancer, at top-ranked brain cancer centres in the US. MDNA55 has completed three clinical trials in 72 patients, including 66 adults with rGBM, demonstrated compelling efficacy and obtained Fast-Track and Orphan Drug status from the FDA and FDA/EMA respectively. For more information, please visit www.medicenna.com.

This news release contains forward-looking statements relating to the future operations of the Company and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release, including, without limitation, statements with respect to the ongoing development of MDNA55 and MDNA109 and objectives of the Company, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include the risks detailed in the annual information form of the Company dated June 26, 2018 and in other filings made by the Company with the applicable securities regulators from time to time.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will update or revise publicly any of the included forward-looking statements only as expressly required by Canadian securities law.

SOURCE Medicenna Therapeutics Corp.

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