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GeoVax Labs Inc. (GOVX) – Marburg

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Buy Rated: Presentation of Marburg Vaccine Data

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GeoVax reported 4th Quarter and full year results. The company spent \$14M last year and closed the period with \$27.6M on the balance sheet. The company is driving two key products, Gedeptin, gene therapy for solid tumors – head and neck cancers and a specialized vaccine for immune-compromised patients at risk for Covid where the traditional vaccines are not fully effective. We continue to see David Dodd, the new CEO who has a track record of turning companies around, driving the GeoVax story forward. Marburg is not factored into our model and, as such, represents upside to our valuation.

Marburg Data: GeoVax announced the presentation of encouraging data from recent nonhuman primate studies of GEO-MM01 against Marburg virus, during the 23rd Annual World Vaccine Congress taking place in Washington, DC. The data were presented by Dr. Jason Comer, Associate Professor, Sealy Institute for Vaccine Sciences, University of Texas Medical Branch (UTMB), in a presentation titled “Preclinical Capabilities at the University of Texas Medical Branch: Evaluating Candidate Vaccines and Immunotherapeutic against Sudan Ebola Virus,” during the session on Emerging and Re-Emerging Diseases. Dr. Comer’s presentation focused on UTMB’s services for regulated, nonclinical studies, and included data from recent studies conducted on behalf of GeoVax. Following encouraging results showing complete protection from Marburg virus challenge in guinea pigs, GeoVax’s vaccine efficacy studies targeting Marburg virus and Sudan Ebola virus disease were contracted to UTMB through the National Institute of Allergy and Infectious Disease (NIAID) Preclinical Services.

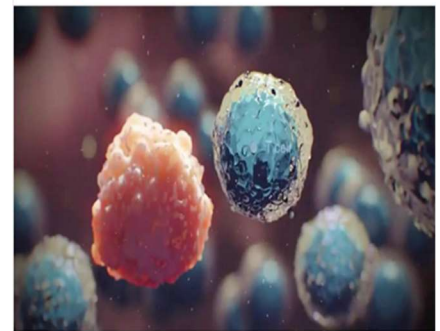
The Results: **Immunization with GEO-MM01 conferred 80% survival in cynomolgus macaques following a lethal dose of Marburg virus.** Vaccination protected nonhuman primates from viremia, weight loss and death following challenge with a lethal Marburg virus dose. Evaluation of immune responses following vaccination demonstrated the presence of both neutralizing antibodies and functional T cells, indicating a breadth of responses that combine for optimal protection.

What is Marburg Virus or MARV? It is a hemorrhagic fever virus of the Filoviridae family, which also includes Ebola virus, and causes severe human disease with up to a 90% fatality rate. The Marburg virus is transmitted to people from fruit bats, and human-to-human transmission occurs through direct contact with bodily fluids, or contaminated surfaces and materials. MARV is rated by the World Health Organization as a Risk Group 4 Pathogen. In the United States, the NIH/National Institute of Allergy and Infectious Diseases ranks it as a Category A Priority Pathogen and the Centers for Disease Control and Prevention lists it as a Category A Bioterrorism Agent.

Valuation: Marburg represents upside to our model as our valuation is based on Gadeptin and Covid Vaccines (only). We project our model out to 2033. We apply a 30% success probability to our projected revenues in our product model in addition to our 30% risk rate applied in our Free Cash Flow to the Firm (FCFF), discounted EPS (dEPS), and Sum-of-the-Parts (SOP) models. We use a fully diluted out-year share count, assuming multiple raises. The result is equal-weighted and averaged, and rounded to the nearest whole number to derive our 12-month projected price target of \$4.0.

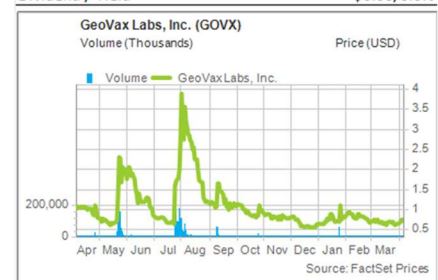
Risks to our thesis include: 1. Regulatory Approvals; 2. Capital Requirements 3. Adoption Rates 4. Intellectual Capital 5. Dilution.

Current Price \$0.72
Price Target \$4.00



Source: GeoVax Labs Inc.

| Stock Data | | | |
|-----------------------------------------|-------------|---|--------|
| 52-Week Range | \$0.53 | - | \$4.30 |
| Shares Outstanding (mil.) | 26.3 | | |
| Market Capitalization (mil.) | \$19 | | |
| Enterprise Value (mil.) | -\$9 | | |
| Debt to Capital | 0% | | |
| Book Value/Share | - | | |
| Price/Book | 0.6 | | |
| Average Three Months Trading Volume (K) | 290 | | |
| Insider Ownership | 1.1% | | |
| Institutional Ownership | 8.1% | | |
| Short Interest (mil.) | 2.8% | | |
| Dividend / Yield | \$0.00/0.0% | | |



Our valuation for GeoVax is based on Gadeptin and the Covid vaccine programs only. We do this for conservatism with the understanding that proof of concept in either of the programs has broader implications for the market opportunity for the products and expansion of the platform. We provide our “simplified” product models and assumptions as follows:

Gadeptin

1. We assume a treatable patient population of 22,000.
2. We assume orphan-like drug pricing at \$125,000 per complete therapeutic course.
3. We apply just a 30% probability of success given the early nature of the program.

Covid – Immune Compromised Patients

1. We assume 10% of the total population is treatable for a multitude of reasons for a Covid vaccine that is effective in immune-compromised patients. Our thinking considers patients undergoing cancer treatment, organ transplants, and patients taking therapies such as those for psoriasis, arthritis, and other related therapies that put these groups at risk.
2. We assume a modest cost of therapy of just \$50.00.
3. We apply just a 30% probability of success given the early nature of the program.

Exhibit 1. Gadeptin Model

| Head & Neck Cancers | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E |
|-----------------------------------------|--------|--------|--------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Disease Prevalence | 66,470 | 67,135 | 67,806 | 68,484 | 69,169 | 69,861 | 70,559 | 71,265 | 71,977 | 72,697 | 73,424 |
| 3rd line | 21,935 | 22,154 | 22,376 | 22,600 | 22,826 | 23,054 | 23,285 | 23,517 | 23,753 | 23,990 | 24,230 |
| Market Share | | | | 10% | 12% | 14% | 18% | 22% | 26% | 33% | 35% |
| Cost of Therapy | | | | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 | \$ 125,000 |
| Revenue (\$) - M | | | | 282 | 342 | 403 | 524 | 647 | 772 | 990 | 1,060 |
| Probability of Success | | | | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% |
| Risk Adjusted U.S. Revenue (\$M) | | | | \$ 85 | \$ 103 | \$ 121 | \$ 157 | \$ 194 | \$ 232 | \$ 297 | \$ 318 |

Exhibit 2. Gadeptin Model

| Covid - Immune Compromised Patients | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E |
|-----------------------------------------|-------------|-------------|-------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Population | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 | 325,000,000 |
| Immune Compromised | | | | 10% | 11% | 12% | 13% | 14% | 15% | 15% | 15% |
| Cost of Therapy | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 |
| Market Share | 10% | 10% | 10% | 10% | 20% | 30% | 40% | 50% | 51% | 52% | 53% |
| Revenue (\$) - M | | | | \$ 163 | \$ 358 | \$ 585 | \$ 845 | \$ 1,138 | \$ 1,243 | \$ 1,268 | \$ 1,292 |
| Probability of Success | | | | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% |
| Risk Adjusted U.S. Revenue (\$M) | | | | \$ 49 | \$ 107 | \$ 176 | \$ 254 | \$ 341 | \$ 373 | \$ 380 | \$ 388 |

Risks to our thesis include 1. Regulatory Approvals; 2. Capital Requirements 3. Adoption Rates 4. Intellectual Capital 5. Dilution.

- **Regulatory Approvals.** The company’s products require regulatory approvals, and there can be no assurances that the requirements to achieve these approvals can be met.
- **Capital Requirements:** The business requires continued funding; there can be no assurances that the company will be able to raise the needed capital to continue operations.
- **Adoption Rates:** There are no assurances that the projected market share can be met. A combination of factors from pricing and reimbursement to competitive performance are expected to be key factors in driving users to administer these drugs.
- **The Competitive Landscape & IP.** The company does have intellectual property and knows how to preserve its competitive position. However, the company may face competition from well-financed competitors who are already in position in the target markets.
- **Dilution:** The company is likely to incur losses for the foreseeable future until it is able to generate sufficient revenue from product sales. Our model assumes a rising share count. There can be no assurances that the company can successfully raise the capital required to execute its business strategy.

Exhibit 3. Income Statement

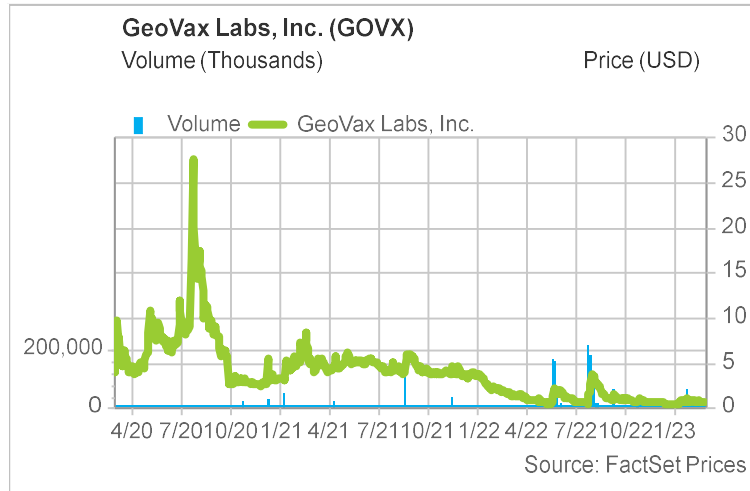
| GeoVax: Income Statement '000 | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|
| 000 : YE December 31 | 1Q22A | 2Q22A | 3Q22A | 4Q22A | 2022A | 1Q23E | 2Q23E | 3Q23E | 4Q23E | 2023E | 1Q24E | 2Q24E | 3Q24E | 4Q24E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | |
| Risk Adjusted Product sales Projections | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gadepitin | | | | | | | | | | | | | | | | | | 84,749 | 102,716 | 121,034 | 157,171 | 194,019 | 231,588 | 296,877 | 318,019 |
| COVID Immuno-compromised | | | | | | | | | | | | | | | | | | 48,750 | 107,250 | 175,500 | 253,500 | 341,250 | 372,938 | 380,250 | 387,563 |
| Grant Revenue | 82 | - | - | - | 82 | | | | | | | | | | | | | | | | | | | | |
| Total Product Sales | 82 | - | - | - | 82 | - | - | - | - | - | - | - | - | - | - | - | 133,499 | 209,966 | 296,534 | 410,671 | 535,269 | 604,525 | 677,127 | 705,581 | |
| Expenses | | | | | | | | | | | | | | | | | | | | | | | | | |
| COGS | | | | | | | | | | | | | | | | | | 26,700 | 41,993 | 59,307 | 82,134 | 107,054 | 120,905 | 135,425 | 141,116 |
| COGS % | 0% | 0% | 0% | 0% | | 0% | 0% | 0% | 0% | | 0% | 0% | 0% | 0% | | | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Research and Development | 1,331 | 1,307 | 2,721 | 3,765 | 9,123 | 2,628 | 2,737 | 2,737 | 2,847 | 10,948 | 3,153 | 3,284 | 3,284 | 3,416 | 13,138 | 15,765 | 18,918 | 22,702 | 22,929 | 25,222 | 30,266 | 36,320 | 43,584 | 52,300 | |
| General and Administrative | 1,179 | 935 | 1,249 | 1,623 | 4,987 | 1,209 | 1,259 | 1,259 | 1,309 | 5,036 | 1,221 | 1,272 | 1,272 | 1,323 | 5,087 | 10,000 | 22,000 | 30,000 | 30,300 | 30,603 | 30,909 | 31,218 | 31,530 | 31,846 | |
| Total Operating Expenses | 2,510 | 2,242 | 3,971 | 5,388 | 14,110 | 3,836 | 3,996 | 3,996 | 4,156 | 15,985 | 4,374 | 4,556 | 4,556 | 4,738 | 18,225 | 25,765 | 67,618 | 94,695 | 112,536 | 137,959 | 168,229 | 188,443 | 210,540 | 225,262 | |
| Loss from Operations | (2,428) | (2,242) | (3,971) | (5,388) | (14,029) | (3,836) | (3,996) | (3,996) | (4,156) | (15,985) | (4,374) | (4,556) | (4,556) | (4,738) | (18,225) | (25,765) | 65,881 | 115,271 | 183,998 | 272,712 | 367,039 | 416,082 | 466,588 | 480,319 | |
| Other (Income) Expenses | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest Income | 1 | 1 | 2 | 4 | 7 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Expense | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total other (Income) expense | (1) | (1) | 2 | 4 | 7 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Loss | (2,428) | (2,242) | (3,968) | (5,384) | (14,021) | (3,836) | (3,996) | (3,996) | (4,156) | (15,985) | (4,374) | (4,556) | (4,556) | (4,738) | (18,225) | (25,765) | 65,881 | 115,271 | 183,998 | 272,712 | 367,039 | 416,082 | 466,588 | 480,319 | |
| Tax Rate | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 6,588 | 23,054 | 55,199 | 95,449 | 139,475 | 158,111 | 177,303 | 182,521 | |
| GAAP Net Income (loss) | (2,428) | (2,242) | (3,968) | (5,384) | (14,021) | (3,836) | (3,996) | (3,996) | (4,156) | (15,985) | (4,374) | (4,556) | (4,556) | (4,738) | (18,225) | (25,765) | 59,293 | 92,216 | 128,798 | 177,262 | 227,564 | 257,971 | 289,285 | 297,798 | |
| GAAP-EPS | (0.34) | (0.18) | (0.17) | (0.14) | (0.83) | (0.16) | (0.16) | (0.11) | (0.12) | (0.55) | (0.13) | (0.10) | (0.10) | (0.11) | (0.43) | (0.57) | 1.31 | 2.03 | 2.82 | 3.87 | 4.95 | 5.59 | 6.24 | 6.40 | |
| GAAP EPS (dil) | (0.34) | (0.18) | (0.17) | (0.14) | (0.83) | (0.16) | (0.16) | (0.09) | (0.09) | (0.46) | (0.10) | (0.08) | (0.08) | (0.09) | (0.35) | (0.47) | 1.07 | 1.66 | 2.31 | 3.16 | 4.05 | 4.57 | 5.10 | 5.23 | |
| Wgtd Avg Shrs (Bas) '000 | 7,109 | 12,722 | 23,462 | 24,680 | 16,973 | 24,705 | 24,729 | 34,754 | 34,789 | 29,744 | 34,824 | 44,858 | 44,903 | 44,948 | 42,383 | 45,061 | 45,241 | 45,422 | 45,604 | 45,787 | 45,971 | 46,155 | 46,340 | 46,525 | |
| Wgtd Avg Shrs (Dil) '000 | 7,109 | 12,722 | 23,462 | 24,680 | 16,973 | 24,705 | 24,729 | 44,754 | 44,799 | 34,747 | 44,844 | 54,889 | 54,943 | 54,998 | 52,418 | 55,136 | 55,357 | 55,579 | 55,801 | 56,025 | 56,249 | 56,475 | 56,701 | 56,928 | |

Source: Dawson James estimates, company reports

Companies mentioned in this report:

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

Initiated – Buy – March 3, 2023 – Price Target \$4.0
 Update Report – Buy – March 24, 2023 – Price Target \$4.0
 Update Report – Buy – April 6, 2023 – Price Target \$4.0

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- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months.
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Current as of 17-Mar-23

| | Company Coverage | | Investment Banking | |
|-----------------------------|-------------------------|-------------|---------------------------|-------------|
| Ratings Distribution | # of Companies | % of Total | # of Companies | % of Totals |
| Market Outperform (Buy) | 25 | 69% | 1 | 3% |
| Market Perform (Neutral) | 11 | 31% | 2 | 6% |
| Market Underperform (Sell) | 0 | 0% | 0 | 0% |
| Total | 36 | 100% | 3 | 9% |

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