DAWSONJAMES SECURITIES

INSTITUTIONAL RESEARCH
Biotechnology
UPDATE REPORT

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GENPREX, Inc. (GNPX) – BUY Rated, $3.0 PT

May 30, 2023

Genprex announced that the Safety Review Committee (SRC) gave approval to advance REQORSA to the Phase 2 expansion portion of the Acclaim-1 trial (REQORSA in combination with Tagrisso in advanced non-small cell lung cancer).

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Investment Highlights

Oncology Program Update – REQORSA: The company completed the Phase 1 portion of the Acclaim-1 Phase 1/2 clinical trial of REQORSA in combination with Tagrisso (osimertinib) to treat late-stage non-small cell lung cancer (NSCLC), and the Safety Review Committee (SRC) has approved continuation to the Phase 2 expansion portion of the trial. Based on full safety data which showed no dose limiting toxicities, the SRC determined that the recommended Phase 2 dose of REQORSA will be 0.12 mg/kg. The SRC also recommended the trial advance to the Phase 2 expansion portion of the study, which the company expects to begin in Q3 of 2023. The Phase 2 expansion portion of the study is expected to enroll approximately 66 patients; half will be patients who received only prior Tagrisso treatment, and the other half will be patients who received prior Tagrisso treatment and chemotherapy, in order to determine toxicity profiles of patients with different eligibility criteria, as well as efficacy and other endpoints. There will be an interim analysis following the treatment of 19 patients in each cohort.

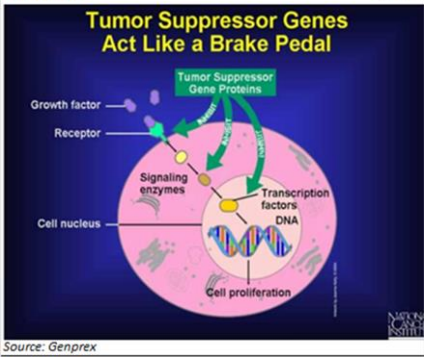
What is REQORSA? REQORSA is a plasmid that expresses a tumor suppressor gene TUSC2, that is deleted early during lung cancer development. REQORSA appears to have a multimodal mechanism of action whereby it interrupts cell signaling pathways that cause replication and proliferation of cancer cells, re-establishes pathways for apoptosis, or programmed cell death, in cancer cells, and modulates the immune response against cancer cells. REQORSA has been shown to be complementary with targeted drugs and immunotherapies.

Clinical Status: REQORSA is enrolling clinical patients in two trials with a third coming. The trials are initially exploring its utility in NSCLC with a range of agents – standard of care. The Acclaim-1 clinical trial is evaluating a combination of REQORSA with Tagrisso in patients with late-stage NSCLC with activating epidermal growth factor receptor mutations, whose disease progressed after treatment. The first patient was dosed in Acclaim-1 in February 2022. A second trial, Acclaim-2 is using a combination of REQORSA with Merck & Co.'s Keytruda in patients with late-stage NSCLC whose disease progressed after treatment with Keytruda. The FDA has granted Fast Track Designation for both trials. Accaim-3 is exploring REQORSA with Tecentriq in ES-SCLC patients.

Valuation: We project our model out to 2033. We apply a 30% risk cut 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, averaged, and rounded to the nearest whole number to derive our 12-month projected price target of $3.00. We note that as the company established proof of concept as a result of clinical trial data, the risk rate (r) is reduced, and valuation rises.

Risks to our thesis include: 1. Regulatory Approvals; 2. Clinical Science 3. Adoption Rates 4. The competitive landscape. 5. Intellectual Capital 6. Dilution.

Current Price	**$0.89**
Price Target	**$3.00**



Source: Genprex

Stock Data			
52-Week Range	$0.72	-	$2.67
Shares Outstanding (mil.)			52.0
Market Capitalization (mil.)			$46
Enterprise Value (mil.)			$28
Debt to Capital			0%
Book Value/Share			-
Price/Book			3.1
Average Three Months Trading Volume (K)			572
Insider Ownership			2.4%
Institutional Ownership			11.5%
Short interest (mil.)			3.6%
Dividend / Yield			$0.00/0.0%

Please find Important Disclosures beginning on Page 4.

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- **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.
- **Clinical Science:** The company will need to demonstrate its therapeutics work and are safe and comparable or better versus the existing standard of care.
- **Adoption Rates**: There are no assurances that our projected market share can be met. A combination of factors from efficacy, positioning in the competitive landscape, pricing and reimbursement are factors in driving decision-makers to select the product for their practices and patients.
- **The Competitive Landscape & IP**. The company does have intellectual property and knows how to protect the utility of its devices and software; however, we expect that the technology cycle will be competitive, and 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 1. Income Statement

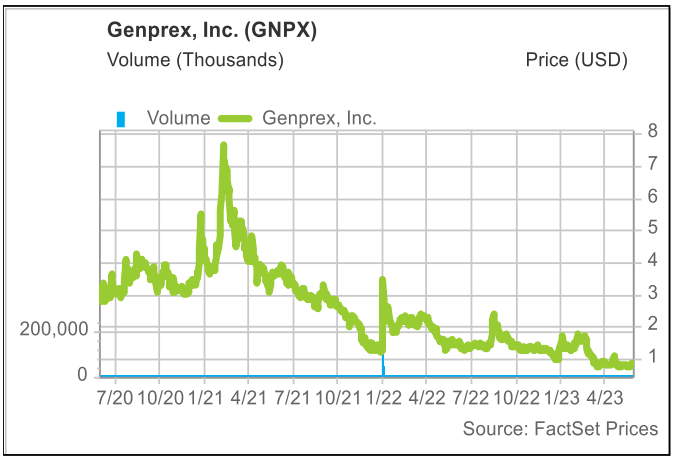
GENPREX: Income Statement ('000s)																
000 .: YE December 31	**2022A**	**1Q23A**	**2Q23E**	**3Q23E**	**4Q23E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**	**2033E**
Product sales	-	-	-	-	-	-	-	-	-	-	-	-				
Oncology	-	-	-	-	-	-	-	-	-	-	-	-	75,000	200,000	350,000	1,000,000
Diabetes	-	-	-	-	-	-	-	-	-	-	-	-	75,000	200,000	350,000	1,000,000
Total Product Sales	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**400,000**	**700,000**	**2,000,000**
Costs and Expenses:																
COGS													45,000	112,000	175,000	500,000
COGS %													30%	28%	25%	25%
Depreciation	26	4														
Research and Development	11,510	5,310	3,453	3,453	1,596	13,812	16,575	19,889	23,867	28,641	34,369	27,495	26,120	26,643	27,176	27,719
General and Administrative	12,295	3,957	3,105	3,105	2,252	12,418	12,542	12,668	12,794	12,922	13,051	15,009	27,017	27,287	27,560	27,835
Total Operating Expenses	**23,831**	**9,271**	**6,558**	**6,558**	**3,848**	**26,230**	**29,117**	**32,557**	**36,662**	**41,563**	**47,420**	**42,504**	**53,137**	**53,929**	**54,735**	**55,554**
Loss from Operations	(23,831)	(9,271)	(6,558)	(6,558)	(3,848)	(26,230)	(29,117)	(32,557)	(36,662)	(41,563)	(47,420)	(42,504)	96,863	346,071	645,265	1,944,446
Other Expense																
Interest Income	90	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Expense	**90**	**68**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Loss	**(23,741)**	**(9,203)**	**(6,558)**	**(6,558)**	**(3,848)**	**(26,230)**	**(29,117)**	**(32,557)**	**(36,662)**	**(41,563)**	**(47,420)**	**(42,504)**	**96,863**	**346,071**	**645,265**	**1,944,446**
	-	-	-	-	-	-	-	-	-	-	-	-	9,686	51,911	129,053	700,000
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	15%	20%	36%
GAAP Net Income (loss)	**(23,741)**	**(9,203)**	**(6,558)**	**(6,558)**	**(3,848)**	**(26,230)**	**(29,117)**	**(32,557)**	**(36,662)**	**(41,563)**	**(47,420)**	**(42,504)**	**87,177**	**294,160**	**516,212**	**1,244,445**
GAAP-EPS	**(0.50)**	**(0.19)**	**(0.12)**	**(0.12)**	**(0.07)**	**(0.50)**	**(0.41)**	**(0.40)**	**(0.40)**	**(0.41)**	**(0.44)**	**(0.40)**	**0.81**	**2.72**	**4.75**	**11.41**
GAAP EPS (dil)	(0.50)	(0.16)	(0.11)	(0.10)	(0.06)	(0.43)	(0.31)	(0.30)	(0.29)	(0.30)	(0.34)	(0.30)	0.61	2.07	3.61	8.67
Wgtd Avg Shrs (Bas) ' 000	47,952	49,471	54,207	54,749	55,297	53,431	70,457	80,755	91,093	102,719	106,892	107,320	107,750	108,182	108,615	109,050
Wgtd Avg Shrs (Dil) '000	47,952	57,471	62,287	62,910	63,539	61,552	93,743	109,141	124,601	136,361	140,669	141,232	141,798	142,366	142,936	143,509

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 – January 30, 2023 – Price Target $3.00
Update Report – Buy – February 23, 2023 – Price Target $3.00
Update Report - Buy – March 2, 2023 – Price Target $3.00
Update Report - Buy – May 30, 2023 – Price Target $3.00

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1) **Buy**: The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months.
2) **Neutral**: The analyst believes the price of the stock is fairly valued for the next 12-18 months.
3) **Sell**: The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 25-May-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	26	72%	2	6%
Market Perform (Neutral)	10	28%	1	3%
Market Underperform (Sell)	0	0%	0	0%
Total	36	100%	3	9%

Analyst Certification:

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