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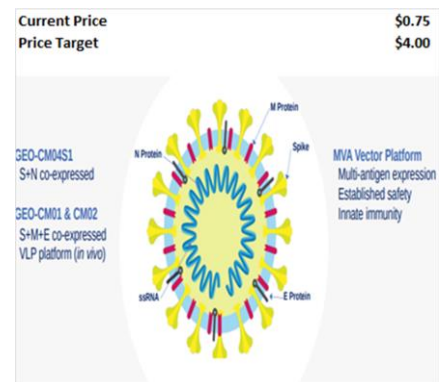
## GeoVax Labs Inc. (GOVX) – Buy Rated

May 25, 2023

### GEO-CM04S1: Data Suggests Activity in Immune Compromised

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GeoVax announced data on its next-generation SARS-CoV-2 vaccine, GEO-CM04S1. Preliminary data from an ongoing Phase 2 clinical trial was presented at the Vaccines Summit Boston 2023 and the Congress for the International Society for the Advancement of Cytometry (CYTO) 2023 meetings. The data suggests CM04S1 is highly immunogenic in immune compromised patients, inducing both antibody responses, including neutralizing antibodies as well as T cell responses. The data support the planned progression of the Phase 2 clinical study, which includes a direct comparison to currently approved mRNA vaccines.



Source: GeoVax Labs Inc.

Stock Data			
52-Week Range	\$0.53	-	\$4.30
Shares Outstanding (mil.)	26.4		
Market Capitalization (mil.)	\$20		
Enterprise Value (mil.)	-\$4		
Debt to Capital	0%		
Book Value/Share	-		
Price/Book	0.6		
Average Three Months Trading Volume (K)	279		
Insider Ownership	1.2%		
Institutional Ownership	6.1%		
Short interest (mil.)	1.9%		
Dividend / Yield	\$0.00/0.0%		



**Covid Program – CM04S1:** The trial is investigating CM04S1 in patients undergoing hematological cancer treatment (i.e., patients who have reduced immune system function as a result of treatment). The preliminary analysis indicates CM04S1 is highly immunogenic in these patients, inducing both antibody responses, including neutralizing antibodies, and T cell responses, which the Company believes are important to confer protection in the immunocompromised population. **These data support the planned progression of the Phase 2 clinical study, which will include a direct comparison to currently approved mRNA vaccines.**

**Gedepitin Update:** The Gedepitin Phase 1/2 trial is actively enrolling at National Cancer Institute (NCI) designated Cancer Centers – Stanford University Cancer Institute, Emory University Winship Cancer Institute, and the Thomas Jefferson University Sidney Kimmel Cancer Center. The trial is funded in part by the FDA under its Orphan Products Clinical Trials Grants Program, the trial will guide the design of a larger study that also may involve patients with other anatomically accessible oral and pharyngeal cancers. The hope is that this leads to labeling discussions with the FDA and initiation of further Gedepitin investigations, including in combination with immune checkpoint inhibitors for other cancerous and non-cancerous tumor indications. **The Company expects patient enrollment in the current phase of this trial to be completed during the second quarter of 2023.**

**Valuation:** 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, 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.

**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 Prevalance	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%
<b>Risk Adjusted U.S. Revenue (\$M)</b>				<b>\$ 85</b>	<b>\$ 103</b>	<b>\$ 121</b>	<b>\$ 157</b>	<b>\$ 194</b>	<b>\$ 232</b>	<b>\$ 297</b>	<b>\$ 318</b>

### 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%
<b>Risk Adjusted U.S. Revenue (\$M)</b>				<b>\$ 49</b>	<b>\$ 107</b>	<b>\$ 176</b>	<b>\$ 254</b>	<b>\$ 341</b>	<b>\$ 373</b>	<b>\$ 380</b>	<b>\$ 388</b>

**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**

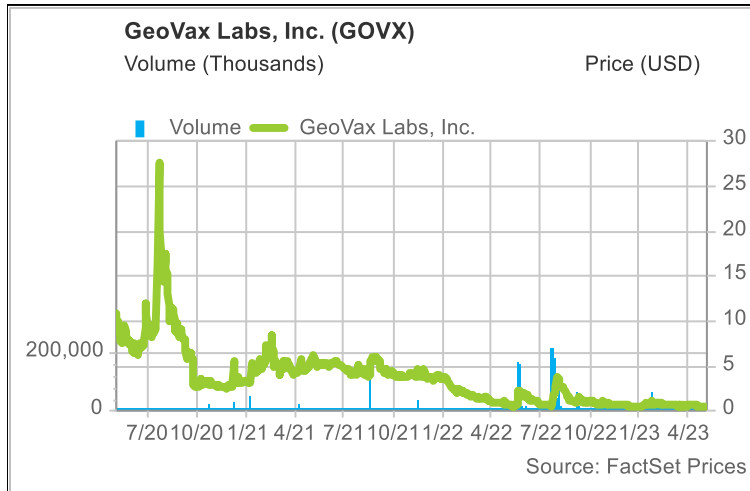
GeoVax: Income Statement '000																				
000 - YE December 31	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Risk Adjusted Product sales Projections</b>																				
Gadepitin													84,749	102,716	121,034	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																			
<b>Total Product Sales</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,499</b>	<b>209,966</b>	<b>296,534</b>	<b>410,671</b>	<b>535,269</b>	<b>604,525</b>	<b>677,127</b>	<b>705,581</b>
<b>Expenses</b>																				
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%			20%	20%	20%	20%	20%	20%	20%	20%
Research and Development	9,123	2,819	2,737	2,737	2,655	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	4,987	1,451	1,259	1,259	1,067	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
<b>Total Operating Expenses</b>	<b>14,110</b>	<b>4,271</b>	<b>3,996</b>	<b>3,996</b>	<b>3,722</b>	<b>15,985</b>	<b>4,374</b>	<b>4,556</b>	<b>4,556</b>	<b>4,738</b>	<b>18,225</b>	<b>25,765</b>	<b>67,618</b>	<b>94,695</b>	<b>112,536</b>	<b>137,959</b>	<b>168,229</b>	<b>188,443</b>	<b>210,540</b>	<b>225,262</b>
Loss from Operations	(14,029)	(4,271)	(3,996)	(3,996)	(3,722)	(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
<b>Other (income) Expenses</b>																				
Interest Income	7	233	-	-	-	233	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense																				
<b>Total other (income) expense</b>	<b>7</b>	<b>233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Loss</b>	<b>(14,021)</b>	<b>(4,038)</b>	<b>(3,996)</b>	<b>(3,996)</b>	<b>(3,722)</b>	<b>(15,752)</b>	<b>(4,374)</b>	<b>(4,556)</b>	<b>(4,556)</b>	<b>(4,738)</b>	<b>(18,225)</b>	<b>(25,765)</b>	<b>65,881</b>	<b>115,271</b>	<b>183,998</b>	<b>272,712</b>	<b>367,039</b>	<b>416,082</b>	<b>466,588</b>	<b>480,319</b>
Tax Rate	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
<b>GAAP Net Income (loss)</b>	<b>(14,021)</b>	<b>(4,038)</b>	<b>(3,996)</b>	<b>(3,996)</b>	<b>(3,722)</b>	<b>(15,752)</b>	<b>(4,374)</b>	<b>(4,556)</b>	<b>(4,556)</b>	<b>(4,738)</b>	<b>(18,225)</b>	<b>(25,765)</b>	<b>59,293</b>	<b>92,216</b>	<b>128,798</b>	<b>177,262</b>	<b>227,564</b>	<b>257,971</b>	<b>289,285</b>	<b>297,798</b>
<b>GAAP-EPS</b>	<b>(0.83)</b>	<b>(0.15)</b>	<b>(0.15)</b>	<b>(0.11)</b>	<b>(0.10)</b>	<b>(0.52)</b>	<b>(0.12)</b>	<b>(0.10)</b>	<b>(0.10)</b>	<b>(0.10)</b>	<b>(0.42)</b>	<b>(0.55)</b>	<b>1.26</b>	<b>1.96</b>	<b>2.72</b>	<b>3.73</b>	<b>4.77</b>	<b>5.39</b>	<b>6.02</b>	<b>6.17</b>
GAAP EPS (dil)	(0.83)	(0.15)	(0.15)	(0.09)	(0.08)	(0.43)	(0.09)	(0.08)	(0.08)	(0.08)	(0.34)	(0.45)	1.04	1.61	2.24	3.07	3.93	4.44	4.95	5.08
Wgtd Avg Shrs (Bas) '000	16,973	26,339	26,365	36,391	36,428	31,381	36,464	46,501	46,547	46,594	44,026	46,710	46,897	47,085	47,274	47,463	47,653	47,844	48,036	48,228
Wgtd Avg Shrs (Dil) '000	16,973	26,339	26,365	46,391	46,438	36,383	46,484	56,531	56,587	56,644	54,061	56,785	57,013	57,241	57,471	57,701	57,932	58,164	58,397	58,631

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
- Update Report – Buy – April 11, 2023 – Price Target \$4.0
- Update Report – Buy – April 19, 2023 – Price Target \$4.0
- Update Report – Buy – May 5, 2023 – Price Target \$4.0
- Update Report – Buy – May 25, 2023 – Price Target \$4.0

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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%

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