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

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REQORSA picks up Chinese IP. The patent covers the use of Genprex's lead drug candidate, REQORSA Immunogene Therapy, in combination with PD1 antibodies through 2037.

Investment Highlights

Genprex IP: As is described in the company's 10k: "We hold a worldwide, exclusive license from MD Anderson to patents covering the therapeutic use of TUSC2 and other genes that have been shown to have cancer fighting properties, including 14 issued patents and 13 pending patent applications for technologies developed at MD Anderson and The University of Texas Southwestern Medical Center. These patents comprise various therapeutic, diagnostic, technical and processing claims relating to REQORSA and our ONCOPREX Nanoparticle Delivery System". The company further states: "We have developed and/or in-licensed numerous patents and pending patent applications that relate to compositions-of-matter, methods-of-use and other technologies and possess substantial know-how and trade secrets relating to the development of gene therapy technologies".

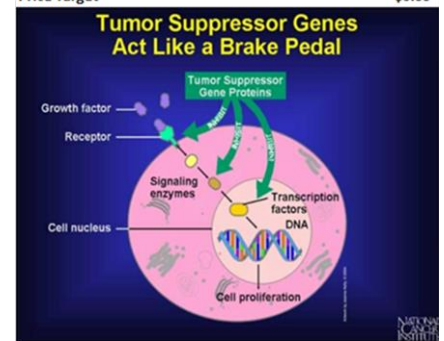
Oncology Program Update – REQORSA: The company completed the Phase 1 portion of the Acclaim-1 Phase 1/2 clinical trial of REQORSA in combination with Tagrisso (osimertinib) to treat late-stage non-small cell lung cancer (NSCLC), and the Safety Review Committee (SRC) has approved continuation to the Phase 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.

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. Acclaim-3 is exploring REQORSA with Tecentric 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	\$0.92
Price Target	\$3.00



Source: Genprex

Stock Data		
52-Week Range	\$0.72 -	\$2.67
Shares Outstanding (mil.)		52.0
Market Capitalization (mil.)		\$48
Enterprise Value (mil.)		\$30
Debt to Capital		0%
Book Value/Share		-
Price/Book		3.1
Average Three Months Trading Volume (K)		96
Insider Ownership		3.1%
Institutional Ownership		11.5%
Short interest (mil.)		3.6%
Dividend / Yield		\$0.00/0.0%



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

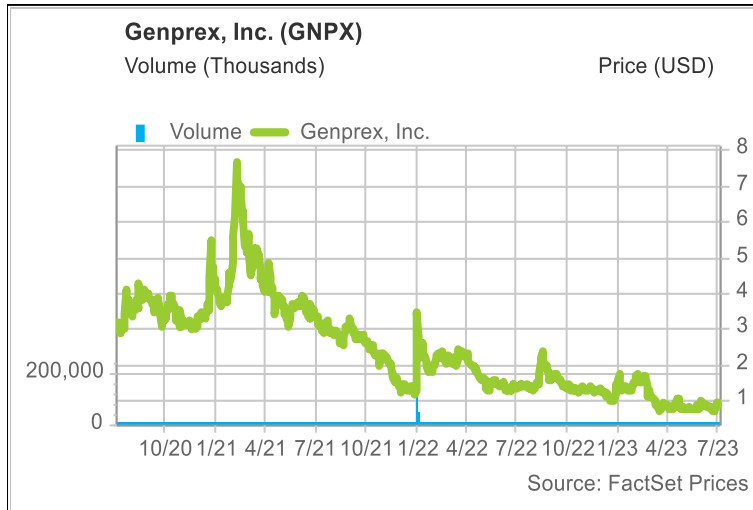
GENPREX: Income Statement ('000s)																
000 : YE December 31	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Product sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oncology	-	-	-	-	-	-	-	-	-	-	-	-	75,000	200,000	350,000	1,000,000
Diabetes	-	-	-	-	-	-	-	-	-	-	-	-	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
- Update Report - Buy – June 27, 2023 – Price Target \$3.00
- Update Report - Buy – July 6, 2023 – Price Target \$3.00

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Current as of 22-Jun-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	26	72%	2	5.50%
Market Perform (Neutral)	10	28%	2	5.50%
Market Underperform (Sell)	0	0%	0	0.00%
Total	36	100%	4	11.00%

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