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

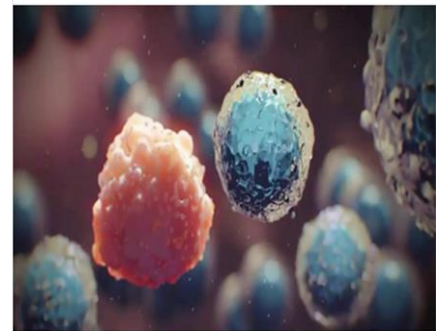
July 11, 2023

### GeoVax presents Gedeptin Phase 1/2 clinical data at the AACR-AHNS Head and Neck Cancer Conference

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GeoVax announced the presentation of Phase 1/2 clinical trial data for Gedeptin at the American Association for Cancer Research (AACR) and the American Head and Neck Society (AHNS) joint Head and Neck Cancer Conference in Montréal, QC, Canada. The presentation, titled "Phase 1/2 study of Ad/PNP with fludarabine for the treatment of head neck squamous cell carcinoma (HNSCC)", describes the evaluation of Gedeptin as an experimental therapy for refractory solid tumors.

Current Price \$0.58  
Price Target \$4.00



Source: GeoVax Labs Inc.

| Stock Data                              |             |   |        |
|---|-------------|---|--------|
| 52-Week Range                           | \$0.53      | - | \$4.30 |
| Shares Outstanding (mil.)               | 26.4        |   |        |
| Market Capitalization (mil.)            | \$15        |   |        |
| Enterprise Value (mil.)                 | -\$9        |   |        |
| Debt to Capital                         | 0%          |   |        |
| Book Value/Share                        | -           |   |        |
| Price/Book                              | 0.6         |   |        |
| Average Three Months Trading Volume (K) | 209         |   |        |
| Insider Ownership                       | 1.2%        |   |        |
| Institutional Ownership                 | 6.1%        |   |        |
| Short interest (mil.)                   | 2.6%        |   |        |
| Dividend / Yield                        | \$0.00/0.0% |   |        |



**Gedeptin Update:** The Gedeptin 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 Gedeptin investigations, including in combination with immune checkpoint inhibitors for other cancerous and non-cancerous tumor indications.

#### Poster Data:

- 8 patients have been enrolled in the study to date.
- No dose limiting toxicities or serious adverse events (SAEs) are definitively attributable to treatment. Additionally, no adverse events above grade 3 severity have been reported.
- Up to 5 cycles of Gedeptin treatment have been administered without limiting sequelae. Intratumoral expression of the PNP transgene by RT-PCR has been established in treated tumors studied to date.
- Impairment of tumor growth in targeted lesions was seen in 5 of 7 patients; tumor response assessment in one patient remains under study.

**Valuation:** Our valuation is based on Gedeptin 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**

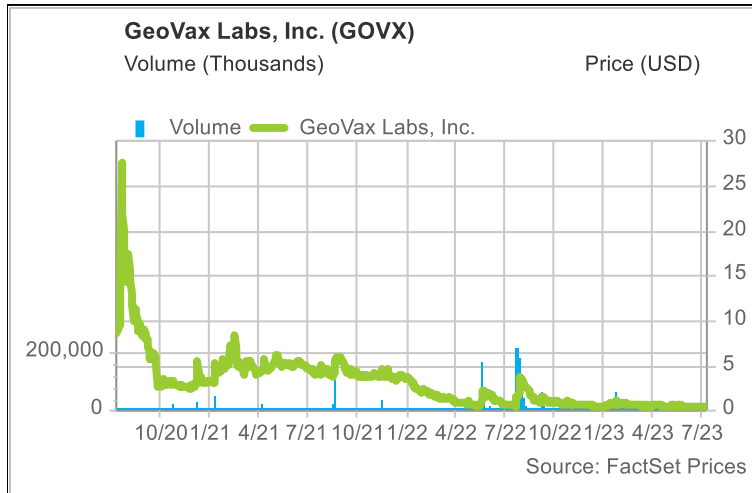
| GeoVax: Income Statement '000                  |                 |                |                |                |                |                 |                |                |                |                |                 |                 |                |                |                |                |                |                |                |                |
|--|-----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 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
- Update Report – Buy – July 11, 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.
- 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 22-Jun-23

|                             | <b>Company Coverage</b> |            | <b>Investment Banking</b> |             |
|-----------------------------|-------------------------|------------|---------------------------|-------------|
| <b>Ratings Distribution</b> | # 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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