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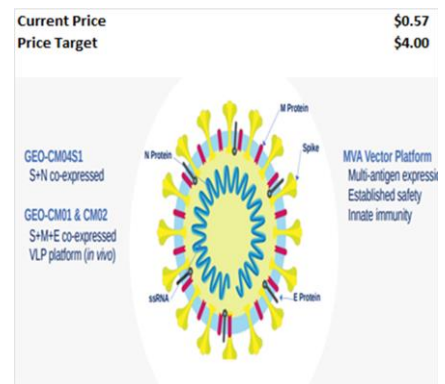
## GeoVax Labs Inc. (GOVX) – Buy Rated

July 21, 2023

### Start of a Phase II Trial: COVID-19 Vaccine Booster in Chronic Lymphocytic Leukemia Patients

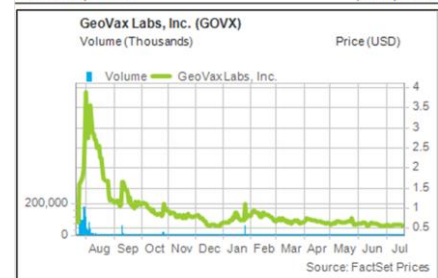
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*GeoVax announced the start of an investigator-initiated clinical trial: "Randomized observer-blinded phase 2 trial of COVID-19 booster with GEO-CM04S1 or Pfizer-BioNTech Bivalent vaccine in patients with chronic lymphocytic leukemia," at City of Hope National Medical Center, led by Alexey Danilov, M.D., PhD as principal investigator.*



Source: GeoVax Labs Inc.

Current Price			
Current Price			\$0.57
Price Target			\$4.00
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)			186
Insider Ownership			1.2%
Institutional Ownership			6.1%
Short interest (mil.)			2.4%
Dividend / Yield			\$0.00/0.0%



**Trial Details:** (Press Release-adapted): GEO-CM04S1, a multi-antigenic SARS-CoV-2 vaccine that targets the spike (S) and nucleocapsid (N) proteins of SARS-CoV-2, is actively under clinical study by GeoVax in severely immunocompromised individuals, as well as in healthy adults for use as a universal heterologous booster.

- Chronic lymphocytic leukemia (CLL) patients may be at high risk for lethal COVID-19 infection due to poor immune response to COVID-19 infections or vaccination.
- The GEO-CM04S1 vaccine uses a modified vaccinia virus (MVA) backbone that may be more effective at inducing COVID-19 immunity in patients with poor humoral immune responses since MVA strongly induces T cell expansion even in the background of immunosuppression.
- Targeting both the spike and nucleocapsid protein antigens broaden the specificity of the immune responses and protects against the loss of efficacy associated with the significant sequence variation observed with the spike antigen.
- The study plans to examine the use of two injections of GEO-CM04S1 three months apart to assess immune responses in these vulnerable patients, with the Pfizer-BioNTech Bivalent vaccine as the control arm.
- Participants will be randomized 1:1 to receive two boosters with either the GEO-CM04S1 or the control vaccine.
- The primary immune response outcome will be 56 days following the first booster injection. Up to 40 participants will be treated in each arm, with immune responses evaluated at the interim and final analyses in each arm.

**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**

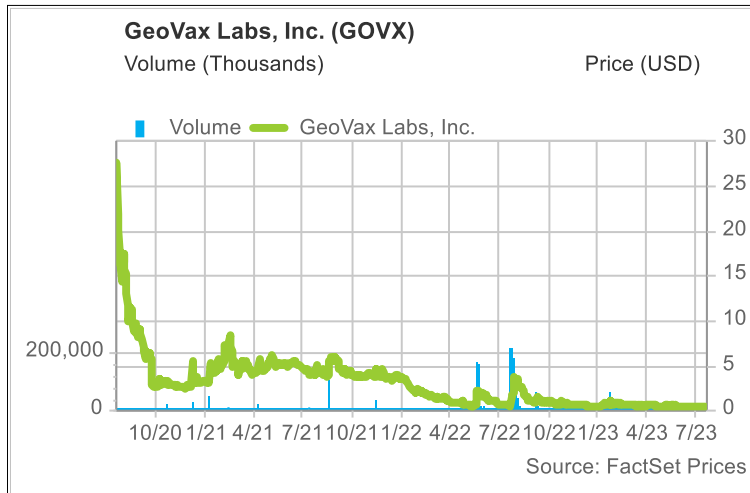
GeoVax: Income Statement '000																				
000 - YE December 31	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Risk Adjusted Product sales Projections</b>																				
Gadepitin													84,749	102,716	121,034	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>
<b>Tax Rate</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>6.588</b>	<b>23.054</b>	<b>55.199</b>	<b>95.449</b>	<b>139.475</b>	<b>158.111</b>	<b>177.303</b>	<b>182.521</b>
<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
- Update Report – Buy – July 21, 2023 – Price Target \$4.0

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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.
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Current as of 17-Jul-23

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	25	69%	2	5.50%
Market Perform (Neutral)	11	31%	2	5.50%
Market Underperform (Sell)	0	0%	0	0.00%
<b>Total</b>	<b>36</b>	<b>100%</b>	<b>4</b>	<b>11.00%</b>

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