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

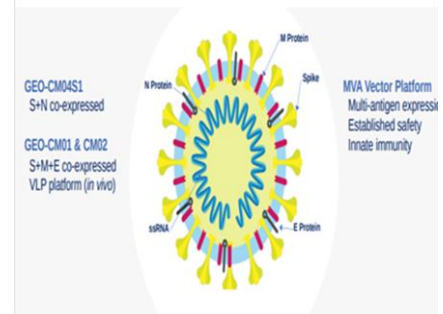
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### Patents on Ebola Add to a Strong IP Estate

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GeoVax announced that the U.S. Patent and Trademark Office has issued Patent No. 11,701,418 B2 to GeoVax, pursuant to the Company's patent application No. 15/543,139 titled "Replication-Deficient Modified Vaccinia Ankara (MVA) and Matrix Protein (VP40)." This patent, in essence, covers the company's vector platform expressing Ebola antigens.

Current Price \$0.56  
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)	141		
Insider Ownership	1.2%		
Institutional Ownership	6.1%		
Short interest (mil.)	2.4%		
Dividend / Yield	\$0.00/0.0%		



#### Press Release (adapted):

**Ebola History with GeoVax:** GeoVax previously demonstrated that a single intramuscular (IM) dose of its vaccine candidate, GEO-EM01, provided 100% protection in rhesus macaques challenged with a lethal dose of Zaire ebolavirus (EBOV). GEO-EM01 is based on the Company's novel MVA-VLP platform, which generates noninfectious VLPs in the individual being vaccinated. VLPs mimic a natural infection, triggering the body to produce a robust and durable immune response with both antibodies and T cells.

In July 2021, the Company announced results of preclinical efficacy studies of its Sudan ebolavirus (SUDV) vaccine candidate, in which a single dose of the vaccine protected 100% of small animals challenged with a lethal dose of SUDV. Dr. Jason Comer of Sealy Institute for Vaccine Sciences, University of Texas Medical Branch (UTMB), recently discussed GeoVax's Sudan virus vaccine efficacy. His presentation to the Global Health Preparedness Strategy and Priority Pathogens session at the 23rd Annual World Vaccine Congress demonstrated partial protection following lethal Sudan virus challenge in a rigorous cynomolgus macaque model.

The research has been funded in whole or in part with Federal funds under a Preclinical Services Contract from the National Institute of Allergy and Infectious Diseases, part of the National Institutes of Health.

**GeoVax IP:** According to the company they now have over 115 granted or pending patent applications spread over 24 patent families.

**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**

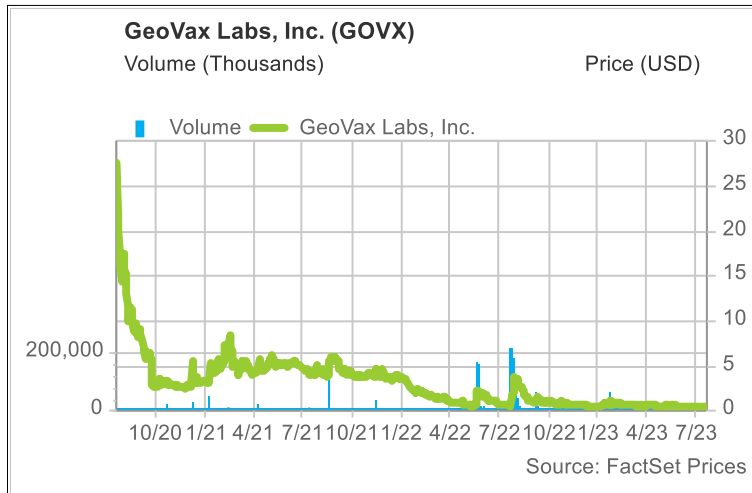
GeoVax: Income Statement '000																				
000 - YE December 31	2022A	1Q23A	2Q23E	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Risk Adjusted Product sales Projections</b>																				
Gadepitin													84,749	102,716	121,034	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
- Update Report – Buy – July 11, 2023 – Price Target \$4.0
- Update Report – Buy – July 21, 2023 – Price Target \$4.0
- Update Report – Buy – July 24, 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.

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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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