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

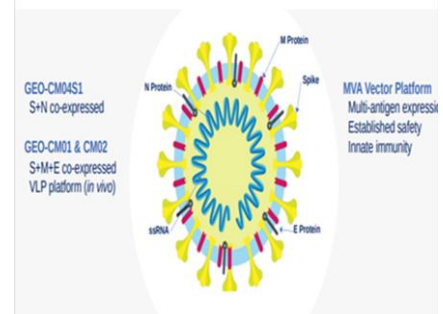
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### Reports 2<sup>nd</sup> Quarter – Highlights Clinical Progress

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*GeoVax reported a net loss of \$0.22 per share. R&D was up, \$4.7M in the quarter, and G&A was down to \$1.4M. The company closed the period with \$17.8M in cash and equivalents. Gedeptin continues as the company's lead program – Head & Neck Cancer. In July, GeoVax announced the start of a Phase 2 COVID-19 vaccine booster investigator-initiated clinical trial in patients with*

Current Price \$0.56  
Price Target \$4.00



Source: GeoVax Labs Inc.

Stock Data			
52-Week Range	\$0.53	-	\$2.99
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)	365		
Insider Ownership	1.2%		
Institutional Ownership	6.1%		
Short interest (mil.)	3.1%		
Dividend / Yield	\$0.00/0.0%		



#### Press Release (adapted):

**New Clinical Trial Initiated for GEO-CM04S1.** In July, GeoVax announced the start of a Phase 2 COVID-19 vaccine booster investigator-initiated clinical trial (ClinicalTrials.gov Identifier: NCT05672355) in patients with chronic lymphocytic leukemia (CLL), a recognized high-risk group for whom current mRNA vaccines and monoclonal antibody (Mab) therapies appear inadequate relative to providing protective immunity. As a result of their medical status, CLL patients are largely unable to mount a sufficient antibody response to the mRNA vaccines. The trial is expected to enroll approximately 80 patients, comparing GEO-CM04S1 vs the Pfizer/BioNTech Bivalent vaccine. Completion of patient enrollment is expected within approximately six months. This investigator-initiated trial is being primarily funded by a private family foundation with GeoVax supporting the analysis of samples, so it is expected to have minimal impact on the Company's balance sheet.

**Gedeptin® Clinical Trial Data.** Interim data from the Phase 1/2 clinical trial of Gedeptin® was presented at the American Association for Cancer Research (AACR) and the American Head and Neck Society (AHNS) joint Head and Neck Cancer Conference in July. The ongoing Phase 1/2 trial (ClinicalTrials.gov Identifier: NCT03754933) is evaluating the safety and efficacy of repeat cycles of Gedeptin therapy in patients with recurrent head and neck cancers whose tumor(s) are accessible for injection, and who have no curable treatment options. The poster presentation, which can be viewed here, highlighted data from 8 patients enrolled in the study to date, noting no dose-limiting toxicities or serious adverse events definitively attributable to treatment, with impairment of tumor growth in targeted lesions observed in 5 of 7 patients (one patient remaining 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**

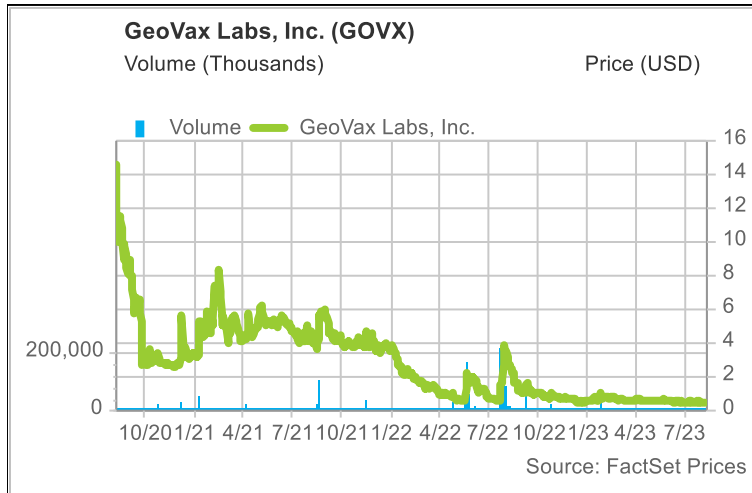
GeoVax: Income Statement '000																					
000 : YE December 31	2022A	1Q23A	2Q23A	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	
<b>Risk Adjusted Product sales Projections</b>																					
Gadepitin													84,749	102,716	121,034	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	4,720	2,737	672	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	1,459	1,259	867	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>6,179</b>	<b>3,996</b>	<b>1,539</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)	(6,179)	(3,996)	(1,539)	(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	251	-	-	484	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Expense																					
<b>Total other (income) expense</b>	<b>7</b>	<b>233</b>	<b>251</b>	<b>-</b>	<b>-</b>	<b>484</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>(5,928)</b>	<b>(3,996)</b>	<b>(1,539)</b>	<b>(15,501)</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>(5,928)</b>	<b>(3,996)</b>	<b>(1,539)</b>	<b>(15,501)</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>(0.22)</b>	<b>(0.11)</b>	<b>(0.04)</b>	<b>(0.53)</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>1.95</b>	<b>2.72</b>	<b>3.73</b>	<b>4.77</b>	<b>5.38</b>	<b>6.01</b>	<b>6.16</b>	
GAAP EPS (dil)	(0.83)	(0.15)	(0.22)	(0.09)	(0.03)	(0.43)	(0.09)	(0.08)	(0.08)	(0.08)	(0.34)	(0.45)	1.04	1.61	2.24	3.07	3.92	4.43	4.95	5.07	
Wgtd Avg Shrs (Bas) '000	16,973	26,339	26,444	36,470	36,507	31,440	36,543	46,580	46,626	46,673	44,105	46,790	46,977	47,165	47,354	47,544	47,734	47,926	48,118	48,310	
Wgtd Avg Shrs (Dil) '000	16,973	26,339	26,444	46,470	46,517	36,442	46,563	56,610	56,666	56,723	54,140	56,865	57,093	57,321	57,551	57,782	58,013	58,245	58,479	58,713	

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
- Update Report – Buy – August 10, 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 3-Aug-23

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	24	69%	3	8.60%
Market Perform (Neutral)	11	31%	3	8.60%
Market Underperform (Sell)	0	0%	0	0.00%
<b>Total</b>	<b>35</b>	<b>100%</b>	<b>6</b>	<b>17.20%</b>

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