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

October 25, 2023

### GeoVax Labs: Clinical & Operations Update

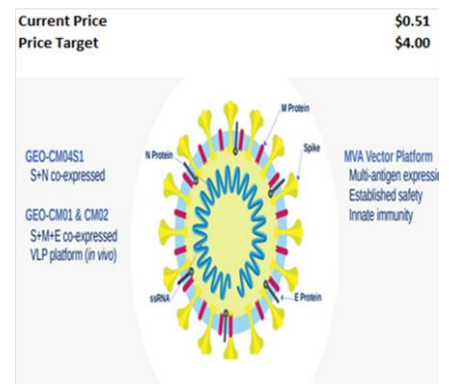
**Jason H. Kolbert**  
Managing Director & Senior Analyst  
jkolbert@dawsonjames.com

From Management: Q3 “marked advancements in our next-generation COVID-19 vaccine clinical programs and our cancer therapy program, along with advanced manufacturing developments, and new patents issued for our Ebola, Marburg, Malaria, and HIV vaccines. I look forward to sharing more details about these developments during our upcoming investor/analyst earnings call on 8-Nov”. “We believe this is a defining moment for the company, as we expand the full potential of a next-generation COVID-19 vaccine (GEO-CM04S1) currently in three Phase 2 clinical trials and the broad application of Gedeptin against solid tumors. We are gearing up to announce initial data readouts from two of these trials, along with updates from our Gedeptin clinical trial against advanced head and neck cancer as well as other important corporate developments”.

- Investigator-Initiated Clinical Trial Begins, "Randomized Observer-Blinded Phase 2 Trial of COVID-19 Booster with GEO-CM04S1 or Pfizer-BioNTech Bivalent Vaccine in Patients with Chronic Lymphocytic Leukemia". The trial is enrolling patients, progressing towards an interim data review.
- Enrollment Target Completed for Phase 2 Clinical Trial Evaluating GEO-CM04S1 as a Booster for Healthy Patients Who Have Previously Received the Pfizer or Moderna mRNA Vaccine. Initial data readout is expected soon. GeoVax Next-Generation COVID-19 Vaccine (GEO-CM04S1) Demonstrated Potent Antibody and Cellular Immunity in Immunocompromised Patients.
- The journal, Vaccines, publishes data (GEO-CM04S1 Publication) from GeoVax's Phase 2 clinical trial evaluating the safety and immunogenicity of GEO-CM04S1 next-generation COVID-19 vaccine, compared to either the Pfizer/BioNTech or Moderna mRNA-based vaccine in patients who have previously received an allogeneic hematopoietic cell transplant, an autologous hematopoietic cell transplant or CAR-T cell therapy.
- GeoVax Universal COVID-19 Vaccine Data Presented at Keystone Symposia Conference. Abstract Title: MVA-vector multi-antigen COVID-19 vaccines induce protective immunity against SARS-CoV-2 variants spanning Alpha to Omicron in preclinical animal models. Data revealed: GEO-CM02 vaccine induced immune responses that were efficacious against the original Wuhan strain and BA.1 Omicron variant with a single dose.

**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.



Source: GeoVax Labs Inc.

Current Price		\$0.51
Price Target		\$4.00
<b>Stock Data</b>		
52-Week Range	\$0.50 -	\$1.39
Shares Outstanding (mil.)		26.4
Market Capitalization (mil.)		\$13
Enterprise Value (mil.)		-\$4
Debt to Capital		0%
Book Value/Share		-
Price/Book		0.6
Average Three Months Trading Volume (K)		5,766
Insider Ownership		1.4%
Institutional Ownership		6.1%
Short interest (mil.)		2.8%
Dividend / Yield		\$0.00/0.0%



**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**

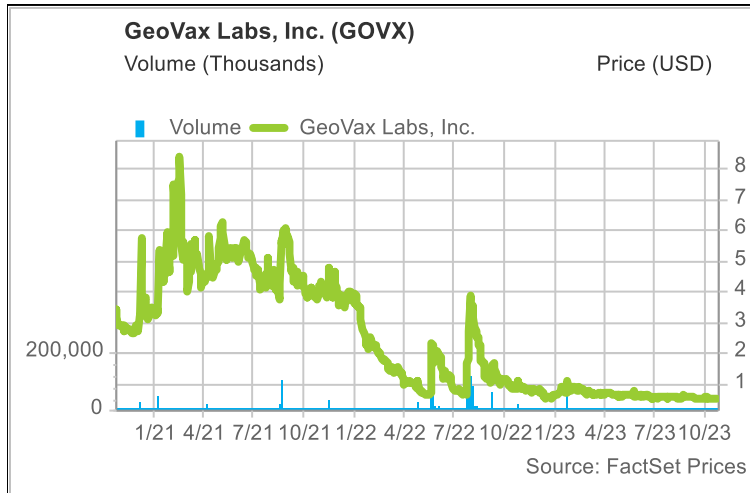
GeoVax: Income Statement '000																					
000 - YE December 31	2022A	1Q23A	2Q23A	3Q23E	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	
<b>Risk Adjusted Product sales Projections</b>																					
Gadepitin													84,749	102,716	121,034	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>	
<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>(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
- Update Report – Buy – August 29, 2023 – Price Target \$4.0
- Update Report – Buy – September 12, 2023 – Price Target \$4.0
- Update Report – Buy – September 20, 2023 – Price Target \$4.0
- Update Report – Buy – September 27, 2023 – Price Target \$4.0
- Update Report – Buy – October 9, 2023 – Price Target \$4.0
- Update Report – Buy – October 25, 2023 – Price Target \$4.0

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Current as of 27-Sep-23

	Company Coverage		Investment Banking	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	22	64.70%	3	8.80%
Market Perform (Neutral)	12	35.30%	3	8.80%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	6	17.60%

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