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GeoVax Labs Inc. (GOVX) – Buy Rated

October 31, 2023

GeoVax Labs: Expands Clinical Sites for P2 COVID Vaccine

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GeoVax announced that it has commenced the planned site expansion for the Phase 2 clinical trial investigating its next-generation SARS-CoV-2 vaccine, GEO-CM04S1, as a primary vaccine in immunocompromised patients. In addition to study enrollments completed at the City of Hope Medical Center (Duarte, California), the trial plans to initiate enrollment of eligible patients at Wake Forest Baptist Medical Center (Winston Salem, North Carolina), the University of Massachusetts Medical Center (Worcester, Massachusetts), and Fred Hutchinson Cancer Research Center (Seattle, Washington).

Investment Highlights

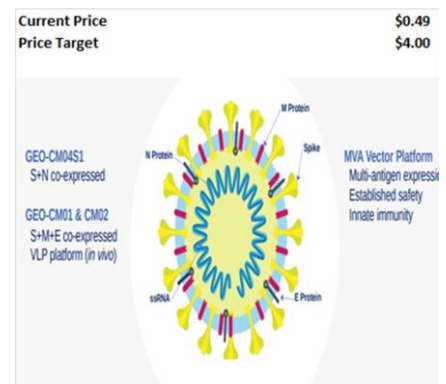
About the P2 Trial: The trial is evaluating the safety/immunogenicity of GEO-CM04S1, compared to either the Pfizer/BioNTech or Moderna mRNA-based vaccine, in patients with hematologic malignancies who have received either an allogeneic hematopoietic stem cell transplant, an autologous hematopoietic stem cell transplant or chimeric antigen receptor (CAR) T cell therapy. Such patients often have difficulty mounting an adequate protective antibody response after receiving currently available COVID-19 vaccines. The trial is enrolling patients, progressing towards an interim data review.

Publication: 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.

Presentation: 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 modes. 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.

| Stock Data | | |
|---|-------------|--------|
| 52-Week Range | \$0.47 - | \$1.39 |
| Shares Outstanding (mil.) | 26.4 | |
| Market Capitalization (mil.) | \$13 | |
| Enterprise Value (mil.) | -\$5 | |
| Debt to Capital | 0% | |
| Book Value/Share | - | |
| Price/Book | 0.6 | |
| Average Three Months Trading Volume (K) | 304 | |
| 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% |
| Risk Adjusted U.S. Revenue (\$M) | | | | \$ 85 | \$ 103 | \$ 121 | \$ 157 | \$ 194 | \$ 232 | \$ 297 | \$ 318 |

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% |
| Risk Adjusted U.S. Revenue (\$M) | | | | \$ 49 | \$ 107 | \$ 176 | \$ 254 | \$ 341 | \$ 373 | \$ 380 | \$ 388 |

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

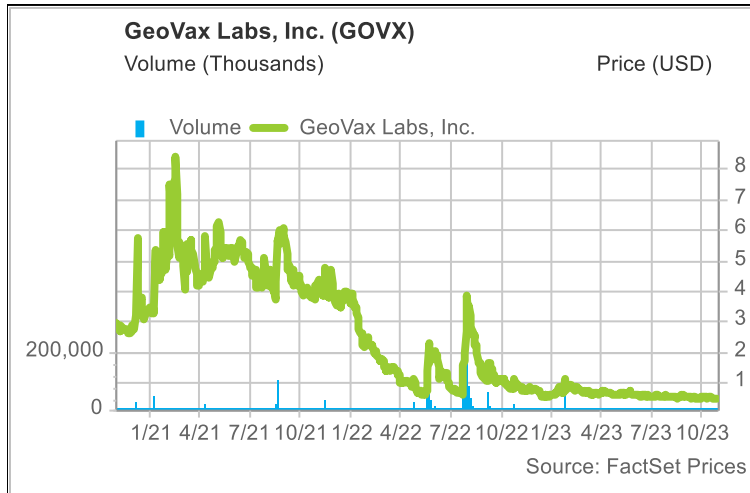
| GeoVax: Income Statement '000 | | | | | | | | | | | | | | | | | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 000 - YE December 31 | 2022A | 1Q23A | 2Q23A | 3Q23E | 4Q23E | 2023E | 1Q24E | 2Q24E | 3Q24E | 4Q24E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E |
| Risk Adjusted Product sales Projections | | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | | |
| Total Product Sales | 82 | - | - | - | - | - | - | - | - | - | - | - | 133,499 | 209,966 | 296,534 | 410,671 | 535,269 | 604,525 | 677,127 | 705,581 |
| Expenses | | | | | | | | | | | | | | | | | | | | |
| 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 |
| Total Operating Expenses | 14,110 | 4,271 | 6,179 | 3,996 | 1,539 | 15,985 | 4,374 | 4,556 | 4,556 | 4,738 | 18,225 | 25,765 | 67,618 | 94,695 | 112,536 | 137,959 | 168,229 | 188,443 | 210,540 | 225,262 |
| 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 |
| Other (income) Expenses | | | | | | | | | | | | | | | | | | | | |
| Interest Income | 7 | 233 | 251 | - | - | 484 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Expense | | | | | | | | | | | | | | | | | | | | |
| Total other (income) expense | 7 | 233 | 251 | - | - | 484 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Loss | (14,021) | (4,038) | (5,928) | (3,996) | (1,539) | (15,501) | (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 |
| 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 |
| GAAP Net Income (loss) | (14,021) | (4,038) | (5,928) | (3,996) | (1,539) | (15,501) | (4,374) | (4,556) | (4,556) | (4,738) | (18,225) | (25,765) | 59,293 | 92,216 | 128,798 | 177,262 | 227,564 | 257,971 | 289,285 | 297,798 |
| GAAP-EPS | (0.83) | (0.15) | (0.22) | (0.11) | (0.04) | (0.53) | (0.12) | (0.10) | (0.10) | (0.10) | (0.42) | (0.55) | 1.26 | 1.95 | 2.72 | 3.73 | 4.77 | 5.38 | 6.01 | 6.16 |
| 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
- Update Report – Buy – October 31, 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.
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Current as of 27-Sep-23

| | Company Coverage | | Investment Banking | |
|-----------------------------|------------------|------------|--------------------|-------------|
| Ratings Distribution | # 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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