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GeoVax Labs Inc. (GOVX) – Buy Rated

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GeoVax Expands Rights (under NIH COVID-19 license) to Include Mpox and Smallpox

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GeoVax announced that it has amended a previously executed Patent and Biological Materials License agreement with the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH). The amendment expands GeoVax's commercial license to include Mpox and smallpox as additional indications.

Investment Highlights

Vaccines contain components (antigens) that represent disease-causing microorganisms. Traditional vaccines are often made from weakened or killed forms of the virus or from its surface proteins. Many newer vaccines use recombinant DNA (deoxyribonucleic acid) technology to generate vaccine antigens in bacteria or cultured cells from specific portions of the target pathogen. The generated antigens are then purified and formulated for use in a vaccine. The most successful of these purified antigens have been non-infectious virus-like particles (VLPs) and are exemplified by existing vaccines for hepatitis B and human papilloma viruses. GeoVax's approach uses recombinant DNA or recombinant viruses to produce VLPs in the person being vaccinated. The license expands the company's rights to use this technology for developing Monkeypox and Smallpox.

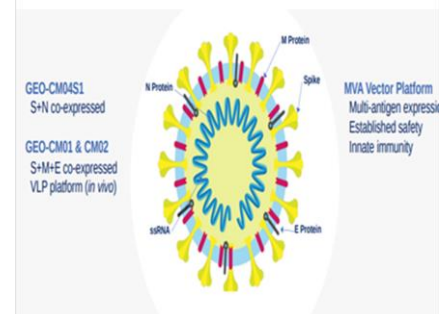
GEO-CM04S1: Currently in a P2 Trial. The trial is evaluating the safety/immunogenicity of GEO-CM04S1, compared to either the Pfizer/BioNTech or Moderna mRNA-based vaccine, in patients with hematologic malignancies who have received either an allogeneic hematopoietic stem cell transplant, an autologous 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. **A second trial:** An investigator-initiated randomized observer-blinded P2 clinical trial of COVID-19 boosters with GEO-CM04S1 or Pfizer-BioNTech bivalent vaccines in patients with chronic lymphocytic leukemia (CLL). The trial is rapidly enrolling patients and progressing towards an interim data review.

Gedepin Clinical Trial Data. Interim data from the Phase 1/2 clinical trial of Gedepin 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 Gedepin therapy in patients with recurrent head and neck cancers whose tumor(s) are accessible for injection.

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 projected a price target of \$4.0.

Risks to our thesis include: 1. Regulatory Approvals; 2. Capital Requirements 3. Adoption Rates 4. Intellectual Capital 5. Dilution.

Current Price \$0.33
Price Target \$4.00



Source: GeoVax Labs Inc.

Stock Data			
52-Week Range	\$0.30	-	\$1.39
Shares Outstanding (mil.)	26.7		
Market Capitalization (mil.)	\$9		
Enterprise Value (mil.)	-\$4		
Debt to Capital	0%		
Book Value/Share	-		
Price/Book	0.6		
Average Three Months Trading Volume (K)	164		
Insider Ownership	1.4%		
Institutional Ownership	5.8%		
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

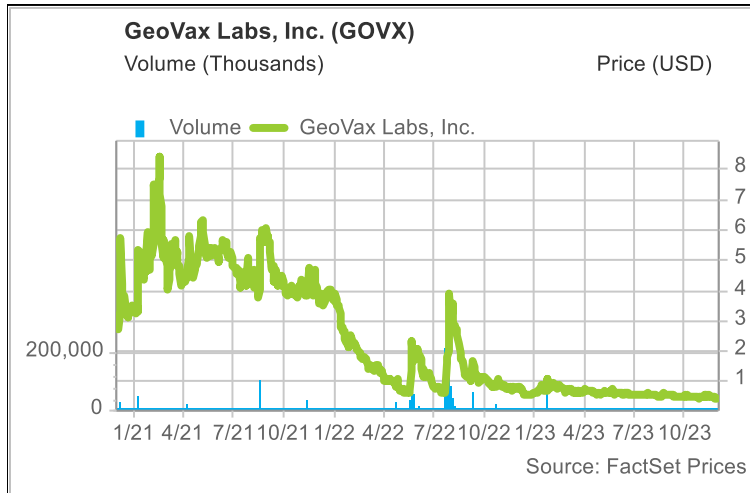
GeoVax: Income Statement '000																				
000 - YE December 31	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Risk Adjusted Product sales Projections																				
Gadepitin													84,749	102,716	121,034	157,171	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	6,948	4,513	19,000	4,560	4,750	4,750	4,940	19,000	22,800	27,360	32,832	33,160	36,476	43,772	52,526	63,031	75,637
General and Administrative	4,987	1,451	1,459	1,652	474	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	8,600	4,987	24,036	5,781	6,022	6,022	6,263	24,087	32,800	76,060	104,825	122,767	149,213	181,734	204,649	229,987	248,599
Loss from Operations	(14,029)	(4,271)	(6,179)	(8,600)	(4,987)	(24,036)	(5,781)	(6,022)	(6,022)	(6,263)	(24,087)	(32,800)	57,439	105,141	173,767	261,457	353,534	399,876	447,141	456,982
Other (income) Expenses																				
Interest Income	7	233	251	191	-	675	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense																				
Total other (income) expense	7	233	251	191	-	675	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Loss	(14,021)	(4,038)	(5,928)	(8,409)	(4,987)	(23,362)	(5,781)	(6,022)	(6,022)	(6,263)	(24,087)	(32,800)	57,439	105,141	173,767	261,457	353,534	399,876	447,141	456,982
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5,744	21,028	52,130	91,510	134,343	151,953	169,913	173,653
GAAP Net Income (loss)	(14,021)	(4,038)	(5,928)	(8,409)	(4,987)	(23,362)	(5,781)	(6,022)	(6,022)	(6,263)	(24,087)	(32,800)	51,695	84,113	121,637	169,947	219,191	247,923	277,227	283,329
GAAP-EPS	(0.83)	(0.15)	(0.22)	(0.32)	(0.14)	(0.83)	(0.16)	(0.13)	(0.13)	(0.13)	(0.55)	(0.70)	1.10	1.78	2.57	3.57	4.59	5.17	5.76	5.86
GAAP EPS (dil)	(0.83)	(0.15)	(0.22)	(0.32)	(0.11)	(0.74)	(0.12)	(0.11)	(0.11)	(0.11)	(0.44)	(0.58)	0.91	1.47	2.11	2.94	3.78	4.26	4.74	4.83
Wgtd Avg Shrs (Bas) '000	16,973	26,339	26,444	26,544	36,507	28,958	36,544	46,580	46,627	46,673	44,106	46,790	46,977	47,166	47,355	47,544	47,735	47,926	48,118	48,311
Wgtd Avg Shrs (Dil) '000	16,973	26,339	26,444	26,544	46,517	31,461	46,564	56,610	56,667	56,723	54,141	56,865	57,093	57,322	57,551	57,782	58,013	58,246	58,479	58,713

Source: Company reports and Dawson James

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
- Update Report – Buy – November 9, 2023 – Price Target \$4.0
- Update Report – Buy – December 1, 2023 – Price Target \$4.0
- Update Report – Buy – December 5, 2023 – Price Target \$4.0
- Update Report – Buy – December 20, 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.
- 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 14-Dec-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	61.76%	4	11.80%
Market Perform (Neutral)	13	38.24%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	6	17.70%

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