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GeoVax Labs Inc. (GOVX) – Buy Rated

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1 for 15 – Reverse Split Effected, Model Under Review

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GeoVax stock is now trading post split (one for 15 shares). The company has a year (plus/minus) of operating capital. We are reviewing our model, updating our anticipated future share count, as such, our price target is not yet determined. We continue to see value in the fundamentals behind GEO-CM04S1 (Covid-19 for immune-compromised patients) and Gedeptin (advanced head & neck cancers) as well as the MVA-VLP platform.

Investment Highlights

GEO-CM02 – A Covid vaccine for immunocompromised patients. The company is applying its novel Modified Virus Ankara - Virus-Like Particle (GV-MVA-VLPTM) platform to create an effective Covid vaccine for immunocompromised patients where the current vaccines fall short. This vaccine has been shown to induce a balanced antibody and cellular (T-cells) response against the multiple encoded immunogens, potentially limiting immune escape by emerging variants. Expression of the SARS-CoV-2 spike (S), membrane (M), and envelope (E) proteins by MVA supports the in vivo formation of virus-like particles (VLPs), which induce both antibody and T-cell responses.

Additional Research Programs for Numerous Vaccines: Monkey Pox, Hemorrhagic fever viruses (Ebola Zaire, Ebola Sudan, Marburg, and Lassa Fever), and malaria are at various stages of development. Expansion of the Gedeptin technology to other Cancers too.

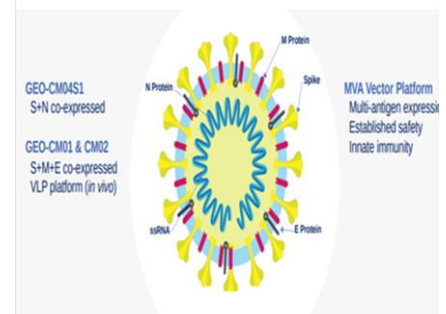
Gedeptin – Gene Therapy for Solid Tumors: Gedeptin is now in P1/2 trial in advanced head and neck squamous cell carcinoma (HNSCC). This trial is partially funded by the FDA’s Orphan Products Clinical Trials Grants Program. The trial is designed to inform the design of a larger patient trial that also may involve patients with other anatomically accessible oral and pharyngeal cancers, including cancers of the lip, tongue, gum, floor of the mouth, salivary gland, and other oral cavities.

Orphan Drug Status – The FDA has granted orphan drug status to Gedeptin, for the intratumoral treatment of anatomically accessible oral and pharyngeal cancers, including cancers of the lip, tongue, gum, floor of the mouth, salivary gland, and other oral cavities.

Valuation: Our model is under review as we evaluate the impact of the reverse split, capital runway and anticipated future financings. 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.

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

Current Price \$3.32
Price Target NA



Source: GeoVax Labs Inc.

Stock Data			
52-Week Range	\$3.20	-	\$14.70
Shares Outstanding (mil.)	2.0		
Market Capitalization (mil.)	\$7		
Enterprise Value (mil.)	-\$6		
Debt to Capital	0%		
Book Value/Share	-		
Price/Book	0.6		
Average Three Months Trading Volume (K)	11		
Insider Ownership	18.3%		
Institutional Ownership	74.3%		
Short interest (mil.)	0.5%		
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				0%	10%	12%	16%	20%	24%	25%	25%
Cost of Therapy				\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Revenue (\$) - M				-	285	346	466	588	713	750	757
Probability of Success				30%	30%	30%	30%	30%	30%	30%	30%
Risk Adjusted U.S. Revenue (\$M)				\$ -	\$ 86	\$ 104	\$ 140	\$ 176	\$ 214	\$ 225	\$ 227

Source: Dawson James

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%	0%	5%	15%	30%	33%	35%	35%	35%
Revenue (\$) - M				\$ -	\$ 89	\$ 293	\$ 634	\$ 751	\$ 853	\$ 853	\$ 853
Probability of Success				30%	30%	30%	30%	30%	30%	30%	30%
Risk Adjusted U.S. Revenue (\$M)				\$ -	\$ 27	\$ 88	\$ 190	\$ 225	\$ 256	\$ 256	\$ 256

Source: Dawson James

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

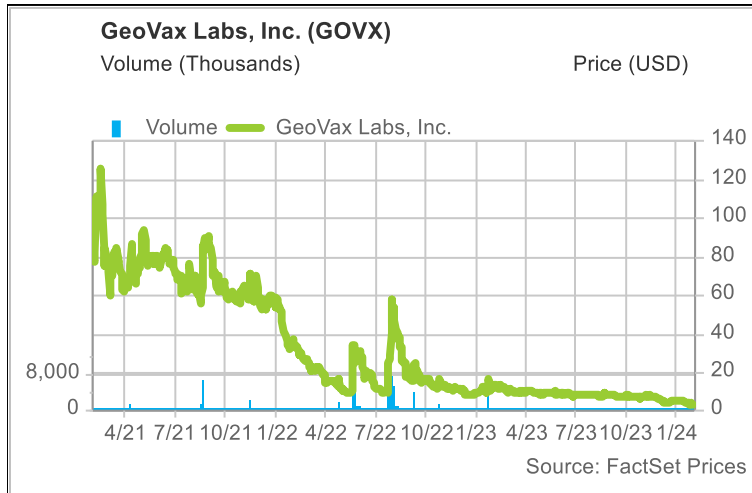
GeoVax: Income Statement '000																				
000 - YE December 31	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Risk Adjusted Product sales Projections																				
Gadepitin													-	85,597	103,743	139,707	176,380	213,773	224,907	227,156
COVID Immuno-compromised													-	26,813	87,750	190,125	225,225	255,938	255,938	255,938
Grant Revenue	82																			
Total Product Sales	82	-	-	-	-	-	-	-	-	-	-	-	-	112,409	191,493	329,832	401,605	469,711	480,845	483,094
Expenses																				
COGS													0	22,482	38,299	65,966	80,321	93,942	96,169	96,619
COGS %		0%	0%	0%	0%		0%	0%	0%	0%			#DIV/0!	20%	20%	20%	20%	20%	20%	20%
Research and Development	9,123	2,819	4,720	6,947	-3,538	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	1,651	475	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	8,598	(3,063)	15,985	4,374	4,556	4,556	4,738	18,225	25,765	40,918	75,184	91,528	121,792	141,497	161,480	171,283	180,765
Loss from Operations	(14,029)	(4,271)	(6,179)	(8,598)	3,063	(15,985)	(4,374)	(4,556)	(4,556)	(4,738)	(18,225)	(25,765)	(40,918)	37,225	99,965	208,041	260,109	308,231	309,562	302,329
Other (income) Expenses																				
Interest Income	7	233	251	190	-	674	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense																				
Total other (income) expense	7	233	251	190	-	674	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Loss	(14,021)	(4,038)	(5,928)	(8,408)	3,063	(15,311)	(4,374)	(4,556)	(4,556)	(4,738)	(18,225)	(25,765)	(40,918)	37,225	99,965	208,041	260,109	308,231	309,562	302,329
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	20%	30%	35%	38%	38%	38%	38%
GAAP Net Income (loss)	(14,021)	(4,038)	(5,928)	(8,408)	3,063	(15,311)	(4,374)	(4,556)	(4,556)	(4,738)	(18,225)	(25,765)	(36,827)	29,780	69,976	135,227	161,267	191,103	191,928	187,444
GAAP-EPS	(0.83)	(0.15)	(0.22)	(0.32)	0.12	(0.58)	(2.47)	(0.39)	(0.39)	(0.40)	(3.64)	(2.18)	(3.10)	2.50	5.84	11.25	13.36	15.77	15.78	15.35
GAAP EPS (dil)	(0.83)	(0.15)	(0.22)	(0.18)	0.07	(0.42)	(1.09)	(0.33)	(0.33)	(0.34)	(1.58)	(1.83)	(2.61)	2.10	4.92	9.46	11.24	13.26	13.27	12.91
Wgtd Avg Shrs (Bas) '000	16,973	26,339	26,444	26,544	26,571	26,474	1,773	11,775	11,787	11,798	9,283	11,828	11,875	11,923	11,971	12,019	12,067	12,115	12,164	12,212
Wgtd Avg Shrs (Dil) '000	16,973	26,339	26,444	46,470	46,517	36,442	4,000	14,004	14,018	14,032	11,514	14,067	14,123	14,180	14,237	14,294	14,351	14,409	14,466	14,524

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
- Update Report – Buy – January 8, 2024 – Price Target \$4.0
- Price Target Change – Buy – January 19, 2024 – Price Target changed from \$4.0 to NA
- Update Report – Buy – February 2, 2024 – Price Target N/A

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Current as of 30-Jan-24

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	20	58.82%	4	11.80%
Market Perform (Neutral)	14	41.18%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	6	17.70%

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