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

February 9, 2024

### Model Revised – Introducing a \$5.0 Price Target

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We have adjusted our model for the reverse stock split and made several other revisions around the timing of product launches and future capital raises, and we assume a rising share count. The result now points to a \$5.0 target valuation. GeoVax announced positive initial safety and immune response findings from its Phase 2 clinical trial at one month following administration of its Covid-19 vaccine, GEO-CM04S1. The trial, evaluating GEO-CM04S1 as a heterologous booster in 63 healthy adults who had previously received the Pfizer or Moderna mRNA vaccine, was fully enrolled at the end of Sept 2023.

### Investment Highlights

**GEO-CM02 – Initial Results Look Positive.** Consolidated data from all subjects tested one-month post-vaccination, documented statistically significant increases in neutralizing antibody responses against multiple SARS-CoV-2 variants, ranging from the original Wuhan strain through Delta and Omicron XBB 1.5; additional testing against the JN.1 variant is underway. 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.

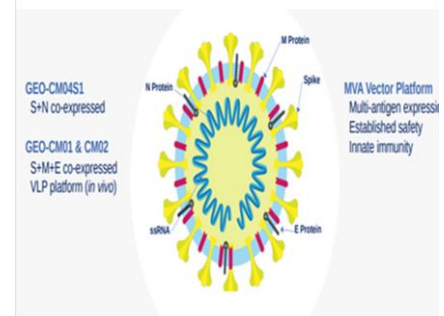
**Gedeptin – Gene Therapy for Solid Tumors:** Gedeptin is now in P1/2 trial in advanced head and neck squamous cell carcinoma (HNSCC). This trial is partially funded by the FDA’s Orphan Products Clinical Trials Grants Program. The trial is designed to inform the design of a larger patient trial that 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 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 \$2.55  
Price Target \$5.00



Source: GeoVax Labs Inc.

Stock Data	
52-Week Range	\$2.40 - \$14.40
Shares Outstanding (mil.)	2.0
Market Capitalization (mil.)	\$5
Enterprise Value (mil.)	-\$8
Debt to Capital	0%
Book Value/Share	-
Price/Book	0.6
Average Three Months Trading Volume (K)	12
Insider Ownership	1.4%
Institutional Ownership	5.8%
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					2%	4%	6%	12%	15%	16%	17%
Cost of Therapy				\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Revenue (\$) - M				-	57	115	175	353	445	480	515
Probability of Success				30%	30%	30%	30%	30%	30%	30%	30%
<b>Risk Adjusted U.S. Revenue (\$M)</b>				\$ -	\$ 17	\$ 35	\$ 52	\$ 106	\$ 134	\$ 144	\$ 154

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				0%	1%	2%	3%	4%	5%	5%	5%
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				\$ -	\$ 33	\$ 98	\$ 195	\$ 325	\$ 414	\$ 423	\$ 431
Probability of Success				30%	30%	30%	30%	30%	30%	30%	30%
<b>Risk Adjusted U.S. Revenue (\$M)</b>				\$ -	\$ 10	\$ 29	\$ 59	\$ 98	\$ 124	\$ 127	\$ 129

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**

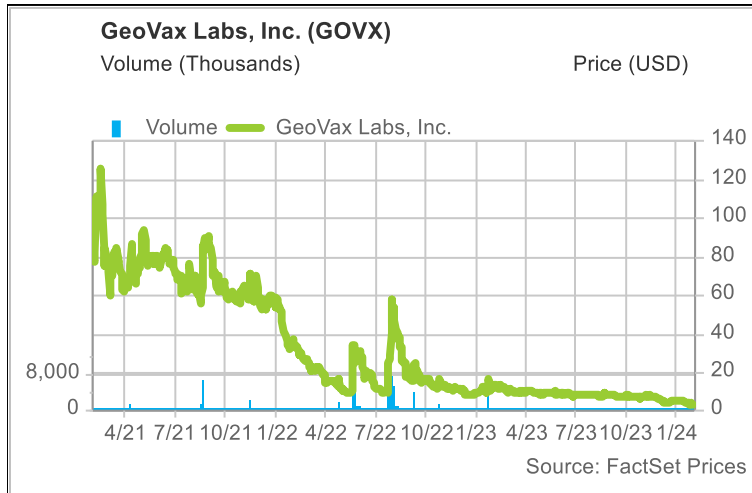
GeoVax: Income Statement '000																
000 :: YE December 31	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Risk Adjusted Product sales Projections</b>																
Gadepitin									-	17,119	34,581	52,390	105,828	133,608	143,941	154,466
COVID Immuno-compromised									-	9,750	29,250	58,500	97,500	124,313	126,750	129,188
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>26,869</b>	<b>63,831</b>	<b>110,890</b>	<b>203,328</b>	<b>257,921</b>	<b>270,691</b>	<b>283,654</b>
<b>Expenses</b>																
COGS									0	5,374	12,766	22,178	40,666	51,584	54,138	56,731
COGS %		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	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	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>8,598</b>	<b>(3,063)</b>	<b>15,985</b>	<b>18,225</b>	<b>25,765</b>	<b>40,918</b>	<b>58,076</b>	<b>65,995</b>	<b>78,003</b>	<b>101,841</b>	<b>119,122</b>	<b>129,252</b>	<b>140,877</b>
Loss from Operations	(14,029)	(4,271)	(6,179)	(8,598)	3,063	(15,985)	(18,225)	(25,765)	(40,918)	(31,207)	(2,164)	32,887	101,487	138,799	141,438	142,777
<b>Other (income) Expenses</b>																
Interest Income	7	233	251	190	-	674	-	-	-	-	-	-	-	-	-	-
Interest Expense																
<b>Total other (income) expense</b>	<b>7</b>	<b>233</b>	<b>251</b>	<b>190</b>	<b>-</b>	<b>674</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>(8,408)</b>	<b>3,063</b>	<b>(15,311)</b>	<b>(18,225)</b>	<b>(25,765)</b>	<b>(40,918)</b>	<b>(31,207)</b>	<b>(2,164)</b>	<b>32,887</b>	<b>101,487</b>	<b>138,799</b>	<b>141,438</b>	<b>142,777</b>
	-	-	-	-	-	-	-	-	-	-	-	3,289	15,223	20,820	24,045	28,555
<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>10%</b>	<b>15%</b>	<b>15%</b>	<b>17%</b>	<b>20%</b>
<b>GAAP Net Income (loss)</b>	<b>(14,021)</b>	<b>(4,038)</b>	<b>(5,928)</b>	<b>(8,408)</b>	<b>3,063</b>	<b>(15,311)</b>	<b>(18,225)</b>	<b>(25,765)</b>	<b>(40,918)</b>	<b>(31,207)</b>	<b>(2,164)</b>	<b>29,598</b>	<b>86,264</b>	<b>117,979</b>	<b>117,394</b>	<b>114,222</b>
<b>GAAP-EPS</b>	<b>(0.83)</b>	<b>(0.15)</b>	<b>(0.22)</b>	<b>(0.32)</b>	<b>0.12</b>	<b>(0.58)</b>	<b>(3.64)</b>	<b>(2.18)</b>	<b>(3.45)</b>	<b>(2.62)</b>	<b>(0.18)</b>	<b>2.46</b>	<b>7.15</b>	<b>9.74</b>	<b>9.65</b>	<b>9.35</b>
GAAP EPS (dil)	(0.83)	(0.15)	(0.22)	(0.18)	0.07	(0.42)	(1.58)	(1.83)	(2.90)	(2.20)	(0.15)	2.07	6.01	8.19	8.11	7.86
Wgtd Avg Shrs (Bas) '000	16,973	26,339	26,444	26,544	26,571	26,474	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	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
- Update Report – Buy – February 9, 2024 – Price Target \$5.0

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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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