Zacks Small-Cap Research

June 7, 2017
Grant Zeng, CFA
312-265-9466
gzeng@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

GeoVax Labs Inc. (GOVX-OTC)

GOVX: Zacks Company Report

GOVX: Impressive animal data for Zika vaccine reported; Multiple progress made for various vaccines; New HIV clinical trial initiated;

Current Price (06/06/17)	$0.04
Valuation	**$0.25**

UPDATE

GeoVax continues to move forward with its various vaccine programs.

A new Phase I trial (HVTN114) was just initiated. The entry into HBV and oncology immunotherapy further expands pipeline.

The continued pipeline expansion, multiple collaborations, and high-quality SAB members all serve to validate the broad utility and promise of the company's MVA-VLP vaccine vector platform.

We continue to believe that there is an upside potential to the company shares.

SUMMARY DATA

52-Week High	**$0.10**
52-Week Low	**$0.03**
One-Year Return (%)	**-57.65**
Beta	**-0.02**
Average Daily Volume (sh)	**271,732**
Shares Outstanding (mil)	**55**
Market Capitalization ($mil)	**$2**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**N/A**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**10.5**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2015 Estimate	**N/A**
P/E using 2016 Estimate	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2015	0.10 A	0.07 A	0.09 A	0.16 A	0.43 A
2016	0.05 A	0.17 A	0.44 A	0.17 A	0.83 A
2017	0.30 A	0.30 E	0.30 E	0.30 E	1.20 E
2018					1.50 E

Earnings per Share
(EPS is operating earnings before non recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2015	-$0.02 A	-$0.02 A	-$0.02 A	-$0.02 A	-$0.08 A
2016	-$0.04 A	-$0.02 A	-$0.01 A	-$0.02 A	-$0.08 A
2017	-$0.01 A	-$0.01 E	-$0.01 E	-$0.01 E	-$0.04 E
2018					-$0.07 E

© Copyright 2017, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Update on First Quarter Financials

Net revenues for the 1Q17 ended March 31, 2017 were $295,735, which related to grants from the NIH. This compared to $47,600 of grant revenues reported for the same period in 2016.

R&D expenses were $551,795 for the three months ended March 31, 2017, compared with $438,004 for the comparable period in 2016.

G&A expenses for 1Q17 were $292,667, compared to $906,505 for the three months ended March 31, 2016. G&A expense for the 2016 period included a non-cash charge of $469,799 related to certain stock purchase warrant modifications.

Net loss for the three months ended March 31, 2017 was $548,341, or $0.01 per share, based on 55.4 million weighted average shares outstanding. For the three months ended March 31, 2016, the Company reported a loss of $1,296,279, or $0.04 per share, based on 34.6 million weighted average shares outstanding.

Cash balances were $166,749 at March 31, 2017, as compared to $454,030 at December 31, 2016.

In early April, GeoVax received a Notice of Award from the National Institute of Allergy and Infectious Disease (NIAID), part of the U.S. National Institutes of Health (NIH), for a Phase II Small Business Innovative Research (**SBIR**) **grant** in support of its HIV vaccine development program. The grant award of $658,159 will fund the second year of a two-year project period with a total budget of $1,398,615.

The grant supports preclinical studies in non-human primates (NHP) evaluating the immunogenicity and protective efficacy of the GeoVax Clade B HIV preventive vaccine **(GOVX-B11**) with or without a bivalent (two component) protein boost.

In **early August 2016**, GeoVax was awarded a NIH contract worth up to $7.8 million. The award is a Staged Vaccine Development contract to further develop GeoVax's preventive HIV vaccine (**GOVX-B11**) and to manufacture the DNA component of GOVX-B11 for use in advanced human clinical trials.

The base portion of the contract, with a value of $199,442, will support preparatory work for initiation of manufacturing. The contract also includes $7.6 million in additional development options that may be exercised by NIH, bringing the total potential value of the contract to $7.8 million. The scope of the product development plan covered by the contract includes process development, cGMP-compliant manufacturing of vaccine bulk drug substance and final drug product, testing and characterization of the manufactured products, stability studies, and regulatory filings.

The multi-year contract will pay 100% of the manufacturing cost of the DNA vaccine component of GeoVax's HIV vaccine candidate, GOVX-B11. The amount of DNA vaccine to be produced pursuant to the full contract will be sufficient for efficacy testing of GOVX-B11 in the presence and absence of a gp120 protein boost.

Also in June 2016, GeoVax was awarded a Small Business Innovative Research (SBIR) grant by the NIH in support of its **clade C HIV** vaccine development program **for Africa**. The grant award of $294,038 is for the second year of a two-year project period which began July 1, 2015, with a two-year project budget of $593,623

The grant is supporting the **preclinical testing** in non-human primates of a vaccine designed for the clade C subtype of HIV prevalent in Sub-Saharan Africa. This project is using GeoVax's Modified

Vaccinia Ankara (MVA) Virus-Like Particle (VLP) vaccine technology, and builds on the GeoVax clade B HIV vaccine, GOVX-B11, which is designed for the epidemic in the Americas and Western Europe.

We welcome these grants awarded by the government agency which not only boosts the company's balance sheet in a non-dilutive way, but further validates GeoVax's vaccine technology and its clinical and preclinical programs.

Update on the Zika Virus Program

The company has a **research collaboration** with the Centers for Disease Control and Prevention (CDC) for development of preventive vaccine against **Zika virus (ZIKV).**

GeoVax's vaccine **GEO-ZM02** is based on the **non-structural-1 (NS1) protein** of ZIKV, which is not involved in ADE. Moreover, the NS1 protein is abundantly secreted into the blood of ZIKV infected individuals and plays a critical role in flavivirus acquisition by mosquitoes by overcoming the immune barrier of the mosquito midgut. Therefore, GEO-ZM02 should not only safely protect populations against ZIKV infections but could also block further transmission of ZIKV from humans to its mosquito vector.

On June 4, GeoVax presented **animal data** of the Zika vaccine at the American Society for Microbiology (ASM) Microbe conference in New Orleans.

In the study, outbred immunocompetent **mice** were exposed to a lethal challenge dose of ZIKV delivered directly into the brain. A **single dose** of GeoVax's NS1 vaccine candidate **GEO-ZM02** protected **100%** of vaccinated animals. In contrast, 80-90% of sham-immunized control animals died within 7-10 days.

This is the first report of i) a Zika vaccine based on the ZIKV NS1 protein, and ii) single-dose protection against ZIKV using an immunocompetent lethal mouse challenge model.

GEO-ZM02 has the potential to be a single-dose vaccine, which is practical to combat epidemics in resource strained countries, Furthermore, the vaccine does not bear the risk of enhancing other flavivirus infections, such as Dengue virus, in vaccinated subjects. This phenomenon, called Antibody Dependent Enhancement (ADE), is a safety concern for other Zika vaccines under development, all of which utilize the structural Envelope (E) protein of ZIKV in their vaccine constructs.

Zika virus disease is a rapidly spreading, emerging infectious disease transmitted by mosquitoes. The rapid spread of ZIKV, its association with abnormal fetal brain development, and lack of a preventive vaccine constitute a global health emergency. As of May 9, 2017, there have been 1,845 and 3,795 cases of pregnant women with evidence of ZIKV infection in the US and US territories, respectively. Seventy-two infants were born in the US alone with ZIKV related birth defects. Protection against mosquito bites and vector control remain the key preventive measures currently available to fight ZIKV infections. ZIKV belongs to the flaviviridae family which also include, dengue, West Nile and yellow fever viruses.

Update on the HIV Preventive Vaccine Program

The company's most advanced program is a preventive vaccine **(GOVX-B11)** for the Clade B subtype of HIV, the most common form of HIV in developed countries.

In Jan 2017, GeoVax initiated the **Phase I** clinical trial (**HVTN 114)** of **GOVX-B11**. The **Phase I** trial is being conducted by the HIV Vaccine Trials Network (HVTN) and is funded by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH).

The trial will enroll up to **100 individuals** who participated in the HVTN 205 Phase IIa trial of the GOVX-B11 vaccine (concluded in 2012) and will test the ability of late boosts (additional vaccinations) to increase the antibody responses elicited by the GeoVax vaccine. These "late boosts" consist of the

GeoVax **MVA62B** vaccine with or without a **gp120** protein vaccine. The gp120 protein, AIDSVAX® B/E, supplied by Global Solutions for Infectious Diseases (GSID), is the same protein used to boost immune responses in the partially protective RV144 trial in Thailand, and is being used here to assess the effect of late boosts of GOVX-B11 while newer proteins are cGMP manufactured and safety tested for use with GOVX-B11 in future clinical trials. Eligible participants in HVTN 114 will receive either (a) another MVA62B boost, (b) a combined boost of MVA62B and AIDSVAX® B/E, or (c) AIDSVAX® B/E alone.

GOVX-B11 is a DNA/MVA vaccine that expresses non-infectious virus-like particles (VLPs). Clinical trials for GOVX-B11 have been conducted by the NIH-supported HIV Vaccine Trials Network (HVTN) with funding from the National Institute of Allergy and Infectious Disease (NIAID). The HVTN has tested various doses and combinations of the DNA and MVA vaccines in 500 humans with very encouraging results.

Information from this trial will contribute to the design of future human clinical trials testing GOVX-B11 in the presence and absence of newer gp120 proteins, which are currently being cGMP manufactured.

Update on the HIV Therapeutic Vaccine

In March 2017, GeoVax began a collaboration with American Gene Technologies International, Inc. (AGT) in which AGT plans to commence a **Phase I** human clinical trial testing the companies' combined technologies for the development of a functional cure for HIV infection.

In an earlier Phase I clinical trial, GeoVax's MVA-VLP HIV vaccine demonstrated the ability to stimulate production of CD4+ T cells in HIV-positive individuals – the intended use of vaccine in the AGT study. The GeoVax vaccine will be used to stimulate virus-specific CD4+ T cells in vivo, which will then be harvested from the patient, genetically modified using AGT's proprietary lentiviral vector technology, and reinfused into the patient.

- The primary objectives of the trial, **which is targeted to start in 2017**, are to assess the safety and efficacy of the combined therapy,
- The secondary objectives are to assess the immune responses and levels of virus reservoirs as measures of efficacy.

The Hemorrhagic Fever Viruses Program

GeoVax is developing a **tetravalent vaccine** designed to protect against all major hemorrhagic fever viruses (Ebola, Sudan, Marburg, Lassa) endemic in African countries. Each vaccine virus can also be developed as a monovalent vaccine.

The company has proven 100% protection in **rodent and non-human primate** challenge studies for Ebola vaccine, and has demonstrated VLP production for each of the vaccines. The tetravalent vaccine currently is being tested in a rodent challenge study before progressing to non-human primates.

The Immuno-Oncology Program

GeoVax is collaborating with **ViaMune, Inc**. for co-development of cancer immunotherapy programs targeting an abnormal form of the autologous cell surface-associated protein, Mucin 1 (MUC1), which is overexpressed in metastatic cancers (e.g. breast, pancreatic, lung, and ovarian, cancers) and is often used as a diagnostic marker for cancer progression. The objective is to harness the patient's own immune system to fight their cancer. The initial proof-of-concept experiments are ongoing at the University of North Carolina at Chapel Hill in a **mouse model** evaluating tumor regression; data readouts and evaluation of this study is expected during **the first half of 2017.**

GeoVax to Collaborate with Georgia State University on Development of Therapeutic Hepatitis B Vaccine

GeoVax initiated its hepatitis B program in mid-2016 to develop a **therapeutic vaccine** for chronic Hepatitis B (HBV) infections. During 2016 the company completed much of design and construction of the vaccine candidates.

In mid-Jan, 2017, GeoVax entered into a research collaboration agreement with **Georgia State University** Research Foundation (GSU) to advance the development of a therapeutic vaccine for treatment of chronic Hepatitis B Virus (HBV) infections.

The project will include the design, construction, characterization and animal testing of multiple vaccine candidates using GeoVax's MVA-VLP vaccine platform. Vaccine antigens include both GeoVax and GSU's proprietary designed sequences. The vaccine design, construction, and characterization will be performed at GeoVax with further characterization and immunogenicity studies in mice conducted at GSU in collaboration with the **Shenzhen Graduate School of Peking University**. Unique functional assays developed by Dr. Ming Luo, Professor in the Department of Chemistry at Georgia State University, and performed at Peking University will provide key information on vaccine efficacy.

The GeoVax HBV vaccine will be based on the Company's novel Modified Vaccinia Ankara (MVA) Virus-Like Particle (VLP) platform **(MVA-VLP),** which generates noninfectious VLPs in the individual being vaccinated. VLPs mimic a natural infection, triggering the body to produce a robust and durable immune response with both antibodies and T cells. The GeoVax MVA-VLP platform has already demonstrated outstanding safety in four clinical trials for the Company's HIV vaccine candidates, which included 500 participants.

Preclinical testing of two vaccine candidates has already started.

Hepatitis B is a contagious liver disease caused by the Hepatitis B virus (HBV). For some people, Hepatitis B is an acute -- or short-term -- illness; but for others, it can become a long-term, chronic infection that may lead to cirrhosis or liver cancer.

There are multiple preventive vaccines on the market to protect against Hepatitis B infection, but they cannot help patients already diagnosed with the disease. Although chronic Hepatitis B infections can be treated with drugs, **less than 5%** of chronic Hepatitis B infections are cured. These drugs only suppress the replication of the virus. Therefore, most people who start treatments must continue with them for life. Moreover, diagnosis and treatment options are very limited in resource/low income-constrained populations, which leads to a majority of patients succumbing within months of diagnosis.

Over the years, GeoVax has gained significant experience in developing therapeutic vaccines for infectious diseases including HIV and other viruses. The company's MVA-VLP technology is well-suited for the development of a therapeutic vaccine against the Hepatitis B virus.

We believe GeoVax's approach to vaccine design and method of treatment has significant merit. The company's strategy is to use its therapeutic vaccine in combination with the standard-of-care treatment to reduce the duration of drug therapy, side effects, and potential drug resistance. The goal is to significantly increase the current cure rate of Hepatitis B infections while reducing the overall treatment costs at the same time.

The entry into the HBV space further demonstrates the broad utility of GeoVax's MVA-VLP platform and solidifies GeoVax as a leader in the next generation of vaccine developers.

Collaboration with Burnet Institute to Expand to Malaria Vaccine

In early Jan 2017, GeoVax entered into a research collaboration agreement with **the Burnet Institute** for the development of a vaccine to prevent **malaria infection**.

The Burnet Institute is a leading infectious diseases research institute in Australia.

The project will include the design, construction, and characterization of multiple malaria vaccine candidates using GeoVax's MVA-VLP vaccine platform combined with malaria Plasmodium falciparum and Plasmodium vivax sequences identified by the Burnet Institute. The vaccine design, construction, and characterization will be performed at GeoVax with further characterization and immunogenicity studies in mice and rabbits conducted at Burnet Institute using their unique functional assays that provide key information on vaccine efficacy.

A first-generation infection-blocking malaria vaccine **RTS, S/AS01** (Mosquirix) is a recombinant protein-based malaria vaccine, which was approved by European regulators in July 2015. It requires 4 doses and has been recommended by the WHO for pilot implementation studies. Since this vaccine is based on a single antigen and has modest efficacy (**30-40%,** depending on the age of subjects), the WHO has defined a Road Map for developing and licensing of next generation malaria vaccines. These vaccines are expected to contain multiple antigens designed to block both infection and transmission of malaria with at least a **75% efficacy** rate.

In multiple clinical trials, GeoVax's MVA-VLP-HIV vaccine (producing VLPs in vaccinated subjects) induces a Th1 biased immune response with both durable functional antibodies (IgG1 and IgG3) and CD4+ and CD8+ T cell responses, both of which are hallmarks of an ideal malaria vaccine required for killing intracellular parasites. GeoVax's proprietary MVA-VLP platform will be used to elicit high titer, durable antibody, and cellular responses to Burnet antigens selected to block both infection and transmission phases of the parasite.

New CSO Appointed

On December 14, 2016, GeoVax announced that the company has promoted **Farshad Guirakhoo**, PhD, to the role of Chief Scientific Officer **(CSO),** effective January 1, 2017. Dr. Guirakhoo joined GeoVax in 2015 as Senior Vice President of Research and Development. Previous CSO Harriet Robinson, PhD, will continue to hold an instrumental position with GeoVax as Chief Scientific Officer Emeritus.

As Sr. VP of R&D, Farshad has played a critical role in the growth of the company's vaccine pipeline. In the new role of CSO, Dr. Guirakhoo will lead the scientific advancement of GeoVax's technology pipeline.

Dr. Farshad Guirakhoo has been a veteran in the biotech industry. Before joining GeoVax in 2015, Dr. Guirakhoo served in senior management and scientific roles within the biotechnology industry with Vaxess Technologies, Hookipa Biotech, Sanofi Pasteur, Acambis, Inc. and OraVax, Inc. He earned his Ph.D. in Virology at the Medical University of Vienna, Vienna, Austria, holds a M.Sc. degree in Genetics and a B.Sc. degree in Biology. He conducted his Post-Doctoral training at the Medical University of Vienna and at the US National Centers for Disease Control and Prevention (CDC), Division of Vector-Borne Infectious Diseases in Fort Collins, CO. In his scientific career, Dr. Guirakhoo has filed over 90 patent applications and is author/co-author of more than 80 peer reviewed publications, including book chapters. He was instrumental in the development and commercialization of the Imojev Japanese encephalitis virus vaccine and the Dengvaxia vaccine for Dengue virus. In 2014, he was named as one of the 50 Most Influential People in Vaccines.

World-class Scientific Advisory Board Established

On Jan 3, 2017, GeoVax announced the formation of its inaugural Scientific Advisory Board (SAB) to provide expert guidance as the company advances its vaccine development for multiple targets including HIV, hemorrhagic fever (Ebola, Sudan, Marburg, Lassa), Zika virus, chronic Hepatitis B, and immuno-oncology. This world-class SAB will provide strategic guidance for multiple vaccine development efforts.

Inaugural members of the SAB include:

Thomas P. Monath, MD, (Chairman). Dr. Monath currently serves as CSO and COO of BioProtection Systems, a subsidiary of NewLink Genetics Corporation, where he is leading the development of an Ebola virus vaccine in partnership with Merck.

Stanley A. Plotkin, MD. Dr. Plotkin is Professor Emeritus at the University of Pennsylvania in Philadelphia, PA and Adjunct Professor at the Johns Hopkins University, Baltimore, MD.

Barney S. Graham, MD, PhD. Dr. Graham is Senior Investigator at the Vaccine Research Center (VRC), NIAID, NIH, Bethesda, MD. Dr. Graham is an immunologist, virologist, and clinical trials physician whose primary interests are viral pathogenesis, immunity, and vaccine development. His work is focused on respiratory syncytial virus (RSV), influenza, coronaviruses, HIV, and other emerging viral diseases.

Scott C. Weaver, PhD. Dr. Weaver is Director of the University of Texas Medical Branch (UTMB) Institute for Human Infections and Immunity and the Scientific Director of the Galveston National Laboratory. Dr. Weaver, an internationally recognized virologist and vector biologist, studies arthropod-borne viruses (arboviruses), their transmission by mosquitoes, and develops vaccines to control the diseases that they cause.

Olivera (Olja) J. Finn, PhD. Dr. Finn is University of Pittsburgh Distinguished Professor of Immunology and Surgery and Founding Chair of the Department of Immunology, a position she held from 2001 to 2013.

Attractive Valuation

We maintain our fair valuation at $0.25 per share for GeoVax.

GeoVax has developed the technology for the development of both preventive and therapeutic HIV/AIDS vaccines. The Company's vaccine candidates are the only HIV vaccines for America/Europe entering efficacy trial.

There is a compelling amount of data to indicate the GOVX-B11 could be successful provided the company can secure the necessary funding under favorable terms. Continued development of the new Ebola/Marburg vaccine program and recent expansion to Zika vaccine, HBV and oncology immunotherapy further expands the company's pipeline.

GeoVax has a strong position in intellectual property. The excellent relationship with Emory University put the Company in a better position to get the most advanced vaccine technology in the first hand, therefore providing a sustainable growth engine for the Company.

The Company has a modest cash burn rate ($2 to $3 million annually) due to generous government support. Down the road, we believe GeoVax will continue to seek non-dilutive government and non-government support for its HIV vaccine development. If the boost trial and/or Phase IIb trial proves to be positive, we believe it would be likely for the Company to find a partner from big pharma or biotech companies who seek to boost or enter into the anti-HIV/AIDS market. We believe this could be a major valuation inflection for the company in 2017.

Based on the current fundamentals of the Company, we believe current valuation is attractive. With a decent pipeline and mid-stage candidates, GeoVax is only valued at $2.3 million in market cap. This is a huge discount in our view. We understand that HIV/AIDS vaccines have been tough to develop and that this is a high-risk area for any biotech company especially for smaller ones with limited resources. However, we think GeoVax has done great job so far in the HIV/Zika vaccine area and is well positioned to continue to create shareholder value down the road.

Moreover, the pipeline expansion to HBV and cancer programs further diversifies the risks.

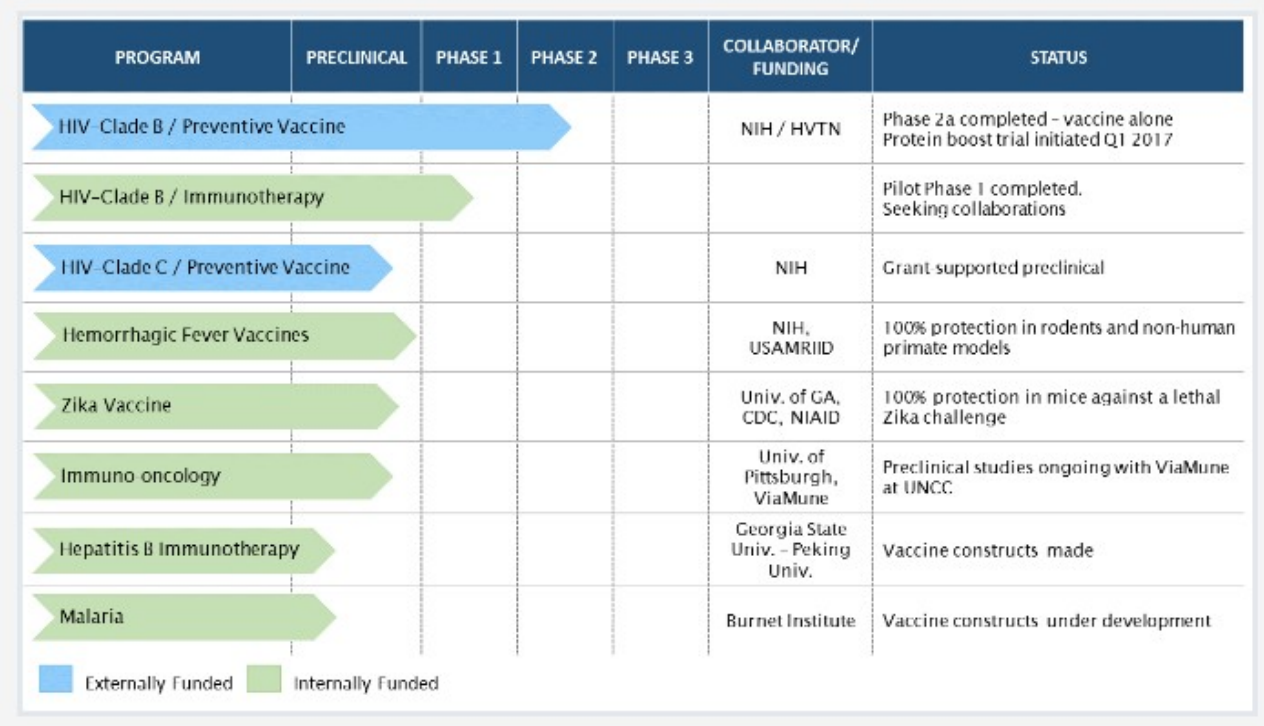
The continued pipeline expansion, multiple collaborations, and high-quality SAB members all serve to validate the broad utility and promise of the company's MVA-VLP vaccine vector platform.

We see GeoVax as a risk reward opportunity with significant long term positive returns. Our price target of $0.25 represents a market cap of $14 million based on 55 million outstanding shares.

But risks must be taken into account when investors add positions.

One major risk is development/regulatory risk. We remind investors that GeoVax's HIV/AIDS vaccines are still in mid-stage development and the Company still needs to navigate through the regulatory process in the US and around the world, which proves to be long and tough. When it comes to HIV/AIDS vaccine, investors should be aware that this has been a tough area to tackle considering the failed developments already.

Cash burn is still a concern. Although most of GeoVax's clinical trials have been supported by the government grants, there is no guarantee that the Company will continue to get enough support to continue late stage clinical studies. In such a case, the Company needs alternative financing measures, which include equity or debt financing. We remind investors that equity financing will dilute existing shareholder base.



PROJECTED INCOME STATEMENT

	2016A (Dec)					2017E (Dec)					2018E (Dec)	2019E (Dec)	2020E (Dec)
$ in million except per share data	Q1	Q2	Q3	Q4	FYA	Q1	Q2	Q3	Q4	FYE	FYE	FYE	FYE
Grant revenue	$0.05	$0.17	$0.44	$0.17	$0.83	$0.30	$0.30	$0.30	$0.30	$1.20	$1.50	$2.00	$3.00
Product Revenue	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$10.00
Total Revenues	**$0.05**	**$0.17**	**$0.44**	**$0.17**	**$0.83**	**$0.30**	**$0.30**	**$0.30**	**$0.30**	**$1.20**	**$1.50**	**$2.00**	**$13.00**
YOY Growth	-54.0%	132.6%	373.2%	9.2%	93.6%	521.3%	80.4%	-31.8%	71.5%	44.3%	25.4%	33.3%	550.0%
CoGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50
Gross Income	**$0.05**	**$0.17**	**$0.44**	**$0.17**	**$0.83**	**$0.30**	**$0.30**	**$0.30**	**$0.30**	**$1.20**	**$1.50**	**$2.00**	**$11.50**
Gross Margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	88.5%
R&D	$0.44	$0.40	$0.68	$0.45	$1.97	$0.55	$0.56	$0.60	$0.70	$2.41	$3.00	$4.00	$6.00
% R&D	920.2%	239.1%	155.4%	258.0%	237.8%	186.6%	186.7%	200.0%	233.3%	201.7%	200.0%	200.0%	46.2%
SG&A	$0.91	$0.34	$0.22	$0.66	$2.13	$0.29	$0.30	$0.32	$0.35	$1.26	$3.50	$4.80	$6.00
%SG&A	1904%	207%	50%	377%	257%	99%	100%	107%	117%	106%	233%	240%	46%
Operating Income	**($1.3)**	**($0.6)**	**($0.5)**	**($0.9)**	**($3.3)**	**($0.5)**	**($0.6)**	**($0.6)**	**($0.8)**	**($2.5)**	**($5.0)**	**($6.8)**	**($0.5)**
Operating Margin	-	-	-	-	-	-	-	-	-	-	-		
Other Net	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Tax Income	**($1.3)**	**($0.6)**	**($0.5)**	**($0.9)**	**($3.3)**	**($0.5)**	**($0.6)**	**($0.6)**	**($0.8)**	**($2.5)**	**($5.0)**	**($6.8)**	**($0.5)**
Income taxes(benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.5	$0.5	$0.5
Tax Rate	-	-	-	-	-	-	-	-	-	-	-	-	-
Reported Net Income	**($1.3)**	**($0.6)**	**($0.5)**	**($0.9)**	**($3.3)**	**($0.5)**	**($0.6)**	**($0.6)**	**($0.8)**	**($2.5)**	**($5.5)**	**($7.3)**	**($1.0)**
YOY Growth	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Margin	-	-	-	-	-	-	-	-	-	-	-	-	-
Diluted Shares Out	34.6	37.4	44.3	49.7	41.5	55.4	58.0	65.0	68.0	61.6	75.0	85.0	95.0
Reported EPS	**($0.04)**	**($0.02)**	**($0.01)**	**($0.02)**	**($0.08)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.04)**	**($0.07)**	**($0.09)**	**($0.01)**
One time charge	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*	*$0.00*
Non GAAP Net Income	**($1.3)**	**($0.6)**	**($0.5)**	**($0.9)**	**($3.3)**	**($0.5)**	**($0.6)**	**($0.6)**	**($0.8)**	**($2.5)**	**($5.5)**	**($7.3)**	**($1.0)**
Non GAAP EPS	**($0.04)**	**($0.02)**	**($0.01)**	**($0.02)**	**($0.08)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.01)**	**($0.04)**	**($0.07)**	**($0.09)**	**($0.01)**

Source:company filings and Zacks estimate

© Copyright 2017, Zacks Investment Research. All Rights Reserved.

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Grant Zeng, CFA, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESMENT BANKING, REFERRALS, AND FEES FOR SERVICE

Zacks SCR does not provide nor has received compensation for investment banking services on the securities covered in this report. Zacks SCR does not expect to receive compensation for investment banking services on the Small-Cap Universe. Zacks SCR may seek to provide referrals for a fee to investment banks. Zacks & Co., a separate legal entity from ZIR, is, among others, one of these investment banks. Referrals may include securities and issuers noted in this report. Zacks & Co. may have paid referral fees to Zacks SCR related to some of the securities and issuers noted in this report. From time to time, Zacks SCR pays investment banks, including Zacks & Co., a referral fee for research coverage.

Zacks SCR has received compensation for non-investment banking services on the Small-Cap Universe, and expects to receive additional compensation for non-investment banking services on the Small-Cap Universe, paid by issuers of securities covered by Zacks SCR Analysts. Non-investment banking services include investor relations services and software, financial database analysis, advertising services, brokerage services, advisory services, equity research, investment management, non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per client basis and are subject to the number of services contracted. Fees typically range between ten thousand and fifty thousand USD per annum.

POLICY DISCLOSURES

© Copyright 2017, Zacks Investment Research. All Rights Reserved.

Zacks SCR Analysts are restricted from holding or trading securities placed on the ZIR, SCR, or Zacks & Co. restricted list, which may include issuers in the Small-Cap Universe. ZIR and Zacks SCR do not make a market in any security nor do they act as dealers in securities. Each Zacks SCR Analyst has full discretion on the rating and price target based on his or her own due diligence. Analysts are paid in part based on the overall profitability of Zacks SCR. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by Zacks SCR for services described above. No part of analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports are based on data obtained from sources we believe to be reliable, but are not guaranteed as to be accurate nor do we purport to be complete. Because of individual objectives, this report should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

ZACKS RATING & RECOMMENDATION

ZIR uses the following rating system for the 1110 companies whose securities it covers, including securities covered by Zacks SCR:
Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters.
Hold/Neutral: The analyst expects that the company will perform in line with the broader U.S. equity market over the next one to two quarters.
Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution is as follows: Buy/Outperform- 17.2%, Hold/Neutral- 76.6%, Sell/Underperform – 5.5%. Data is as of midnight on the business day immediately prior to this publication.