Zacks Small-Cap Research
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Soligenix, Inc. (SNGX-NASDAQ)

SNGX: Seeking Potential Reverse Stock Split…

Based on our probability adjusted DCF model that takes into account potential future revenues from HyBryte™ and CiVax™, SNGX is valued at $4.50 per share. This model is highly dependent upon continued clinical success of the company's pipeline and will be adjusted accordingly based upon future clinical results.

Current Price (01/09/23)	$0.48
Valuation	**$4.50**

OUTLOOK

On January 6, 2023, Soligenix, Inc. (SNGX) filed a definitive proxy statement announcing a special meeting of shareholders being held February 8, 2023 to approve a reverse stock split. The company's stock has remained under $1.00 per share for the past year and the company will need to implement a reverse stock split in order to maintain its Nasdaq listing. We spoke with management regarding its decision to seek approval for a reverse stock split, and while the company had hoped its multiple catalysts throughout 2022 would have been sufficient to raise the share price, the current difficult market conditions precluded that outcome. With a number of important and potentially transformational catalysts ahead for the company in 2023, maintaining the company's Nasdaq listing was deemed of the utmost importance hence the necessity to seek shareholder approval for a reverse split.

SUMMARY DATA

52-Week High	**$0.94**
52-Week Low	**$0.40**
One-Year Return (%)	**-30.69**
Beta	**1.72**
Average Daily Volume (sh)	**131,266**
Shares Outstanding (mil)	**43**
Market Capitalization ($mil)	**$21**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**7**
Insider Ownership (%)	**4**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-39.4**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2018 Estimate	**-1.0**
P/E using 2019 Estimate	**-1.2**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	0.1 A	0.2 A	0.2 A	0.3 A	0.8 A
2022	0.2 A	0.2 A	0.2 A	0.2 E	0.8 E
2023					6.0 E
2024					17.0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	-$0.06 A	-$0.05 A	-$0.09 A	-$0.09 A	-$0.32 A
2022	-$0.10 A	-$0.06 A	-$0.08 A	-$0.08 E	-$0.34 E
2023					-$0.48 E
2023					-$0.39 E

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WHAT'S NEW

Business Update

Seeking Shareholder Approval for a Reverse Stock Split

On January 6, 2023, Soligenix, Inc. (SNGX) filed a definitive proxy statement announcing a special shareholder meeting taking place on February 8, 2023 at which time the company will seek approval for implementing a reverse stock split (at a ratio of 1:2 to 1:20). The ratio will be decided by the Board of Directors.

We spoke to management about the decision to seek approval for a reverse stock split, and highlights of our discussion are given below. The bottom line is that keeping the Nasdaq listing is of the utmost important, particularly given the potential approval and launch of HyBryte™ later this year. With the stock having traded below $1.00 (the minimum bid price required by Nasdaq to continue being listed) for all of 2022, a reverse split is necessary to raise the share price over $1.00 and maintain the Nasdaq listing.

- Like many companies in the biotech sector, Soligenix's share price was under pressure during 2022 and remained below $1.00. The company had until Dec. 19th to regain compliance with a minimum bid price above $1.00 per share. Soligenix intentionally waited as long as possible before putting news out about a potential reverse stock split to afford the stock price as much opportunity as possible to increase. Since this did not occur, the company is now required to initiate a reverse stock split in order to increase the share price above $1.00 per share.

- Soligenix has a number of important catalysts coming up in 2023. Most importantly, the potential FDA approval and U.S. commercial launch of HyBryte™ for the treatment of cutaneous T cell lymphoma (CTCL). Therefore, maintaining the Nasdaq listing is critically important for the company during the potentially transformational year ahead.

- The pros of cons of this decision were thoroughly analyzed and the decision to seek a reverse split was not taken lightly. However, in order to maintain the company's positive momentum leading up to the potential approval of HyBryte™, along with additional catalysts this year regarding the potential BARDA contract award for the Ebola and Marburg vaccines and possible Phase 2 results for the psoriasis trial, maintaining the Nasdaq listing is critically important.

- On a positive note, increasing the company's share price could also allow for higher daily liquidity by maintaining the potential pool of investors, particularly institutional investors, who can trade the stock and participate in any future capital raises.

Conclusion

The decision by Soligenix to seek shareholder approval for a reverse stock split is something that a number of biotech companies have had to do given the very difficult market conditions plaguing the industry. Shareholders should understand that this move was a last resort, and is only being undertaken because of the Nasdaq listing requirement and the necessity to maintain the Nasdaq listing. The reverse split will have no impact on the company's finances. We continue to look forward to a potentially transformative year for the company and our valuation remains at $4.50, pending the approval and implementation of a reverse split.

PROJECTED FINANCIALS

Soligenix, Inc.	2021 A	Q1 A	Q2 A	Q3 A	Q4 E	2022 E	2023 E	2024 E
License Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Grant/Contract Revenue	$0.8	$0.2	$0.2	$0.2	$0.2	$0.8	$1.0	$1.0
SGX301	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$5.0	$16.0
Public Health Solutions	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenues	**$0.8**	**$0.2**	**$0.2**	**$0.2**	**$0.2**	**$0.8**	**$6.0**	**$17.0**
Cost of Revenue	$0.7	$0.1	$0.2	$0.1	$0.2	$0.6	$4.0	$10.0
Gross Income	**$0.1**	**$0.1**	**$0.0**	**$0.0**	**$0.0**	**$0.2**	**$2.0**	**$7.0**
Gross Margin	*11.6%*	*51.0%*	*15.5%*	*22.1%*	*10.0%*	*24.0%*	*33.3%*	*41.2%*
Research & Development	$8.4	$1.7	$2.0	$1.8	$2.5	$8.1	$9.0	$10.0
General & Administrative	$4.8	$2.6	$1.4	$1.3	$1.1	$6.4	$14.0	$16.0
Other Expenses	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($13.1)	($4.2)	($3.4)	($3.1)	($3.6)	($14.3)	($21.0)	($19.0)
Operating Margin	-	-	-	-	-	-	-	-
Other Income (Net)	$0.3	$0.1	$0.1	$0.2	$0.1	$0.6	$0.5	$0.5
Pre-Tax Income	**($13.4)**	**($4.3)**	**($3.5)**	**($3.3)**	**($3.7)**	**($14.9)**	**($21.5)**	**($19.5)**
Net Taxes (benefit)	$0.9	$0.0	($1.2)	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*6.4%*	*0.0%*	*32.6%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Reported Net Income	**($12.6)**	**($4.3)**	**($2.4)**	**($3.3)**	**($3.7)**	**($14.9)**	**($21.5)**	**($19.5)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($0.32)**	**($0.10)**	**($0.06)**	**($0.08)**	**($0.08)**	**($0.34)**	**($0.48)**	**($0.39)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	39.6	42.9	43.0	43.1	44.0	43.3	45.0	50.0

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

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HISTORICAL STOCK PRICE



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