Zacks Small-Cap Research

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Resverlogix Corp. (RVX - TSX)

RVX: With Financing in Place, Phase 3 BETonMACE Set to Commence Fall 2015…

UPDATE

Current Recommendation	**Hold**
Prior Recommendation	N/A
Date of Last Change	04/17/2015
Current Price (08/14/15)	$1.59
Target Price	**$3.00**

As a reminder to investors, Resverlogix's RVX-208 (apabetalone) has a proposed multimodal approach of achieving Major Cardiac Adverse Event (MACE) reduction. Resverlogix is moving closer to commencing Phase 3 trial (BETonMACE) of RVX-208 in high-risk CVD patients with diabetes, and recently attained Phase 3 status with a European Regulatory Authority, in addition to inking a license and financing agreement with Shenzhen Hepalink Pharmaceutical Co., Ltd and Eastern Capital. As per management, BETonMACE is still expected to commence at some point in the fall of 2015. We believe the trial will take about 3 years to complete.

SUMMARY DATA

52-Week High	**3.13**
52-Week Low	**0.41**
One-Year Return (%)	**105.2**
Beta	**N/A**
Average Daily Volume (sh)	**52,989**
Shares Outstanding (mil)	**103.9**
Market Capitalization ($mil)	**163.9**
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 (%)	**N/A**
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 Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of $)

	Q1 (Jul)	Q2 (Oct)	Q3 (Jan)	Q4 (Apr)	Year (Apr)
2014	0 A	0 A	0 A	0 A	0 A
2015	0 A	0 A	0 A	0 A	0 A
2016					0 E
2017					0 E

Earnings per Share

(EPS is operating earnings before non-recurring items)

	Q1 (Jul)	Q2 (Oct)	Q3 (Jan)	Q4 (Apr)	Year (Apr)
2014	$0.55 A	-$0.02 A	$0.19 A	$0.00 A	$0.70 A
2015	$0.08 A	-$0.04 A	-$0.02 A	-$0.23 A	-$0.21 E
2016					-$0.11 E
2017					-$0.16 E

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WHAT'S NEW

Financial Review & Business Update

Resverlogix Corp. (TSX: RVX) recently filed its Certification of Annual Filings for the fourth quarter and year ending April 30, 2015. As expected, the company reported no revenues in the quarter or in the full year, and had a net loss of $20 million, or $0.23 per share in the fourth quarter of 2015 and $18.3 million, or $0.21 per share for the full year ending April 30, 2015. The net loss in the fourth quarter 2015 and for the full year ending April 30, 2015 was well above our expectations but primarily driven by larger than expected one-time financing costs. We do not consider Resverlogix to be an earnings-driven company at this time.

R&D expenses for the fourth quarter 2015 were $1.7 million vs. $1.9 million for the same time period in 2014, and up from $1.0 million in the third quarter 2015. During the year ended April 30, 2015, gross R&D expenditures totaled $4.2 million as compared to $9.8 million 2014. R&D expenses in the fourth quarter 2015 and for the full year ending April 30, 2015 were above our projections due to increased costs associated directly with clinical programs (approximately $2.0 million), chemistry costs (approximately $0.3 million), preclinical costs associated with research, pharmacology, toxicology, drug metabolism and pharmacokinetics (approximately $0.3 million), and R&D compensation ($1.8 million). G&A expenses for the fourth quarter 2015 were $1.2 million vs. $1.0 million for the same time period in 2014, and up from $1.0 million in the third quarter 2015. During the year ended April 30, 2015, G&A expenditures totaled $4.3 million vs. $4.2 million in 2014. G&A expenses in the fourth quarter 2015 and for the full year ending April 30, 2015 were slightly above our projections due to increases in compensation and business development costs.

On July 21, 2015, Resverlogix announced that it closed the previously-announced private placement with Shenzhen Hepalink Pharmaceutical Co., Ltd. ("Hepalink") and Eastern Capital Limited ("Eastern"). As a reminder, on July 8, 2015, Resverlogix had announced that it closed a license agreement with Shenzhen Hepalink Pharmaceutical Co., Ltd. According to the license agreement, should lead candidate RVX-208 reach specific annual sales milestones in China, Hong Kong, Taiwan, and Macau ranging from 500 million to 10 billion Renminbi ("Chinese Yuan") (approximately $80 million to $1.6 billion), Resverlogix will be eligible to receive sales-based milestone payments from Hepalink, each ranging from USD $5 million to $90 million. Additionally, Hepalink will pay Resverlogix an adjusted royalty of 6% of net sales of RVX-208 in the territories listed above. The license agreement will expire on a region-by-region basis on the later of either the 15th anniversary of the first commercial sale in such region or the expiration date of the last-to-expire of any licensed patent. We would like to point out that Hepalink will be responsible for all clinical and development costs in the territories mentioned above, including a patient population that will be included in the upcoming Phase 3 BETonMACE trial.

Resverlogix and Hepalink also entered into a definitive stock purchase agreement whereby Hepalink will purchase approximately 13.3 million shares of common stock at CAD $2.67per share. Hepalink will also be granted roughly 1.0 million 5-year warrants exercisable at CAD $2.67 per share. The transaction provides gross proceeds of CAD $35 million to Resverlogix. After the transaction is completed, Hepalink will hold approximately 12.63% of Resverlogix's common shares, and the common shares and warrants issued to Hepalink will be subject to a lock-up period of three years. Hepalink will also be able to nominate one representative for election to the board of directors of Resverlogix. The Hepalink transaction is now complete, and on July 20, 2015, Eastern Capital Limited purchased 5.6 million common shares and 0.422 million common share purchase warrants, for aggregate consideration of approximately CAD $15 million (US $12 million), or CAD $2.67 per share.

Net proceeds, which we estimate to be in the area of CAD $47 million ($37 million USD) will be used to fund research and development activities including clinical development, non-clinical development, research, discovery, chemistry and regulatory costs in addition to repayment of outstanding indebtedness and/or payment of interest thereon as well as general and administrative expenses, capital expenditures, working capital needs and other general corporate purposes.

At the end of April 2015, Resverlogix had approximately $16.2 million in cash and cash equivalents. We believe that the cash position as of the end of April 2015 is enough to fund the initial activities related to Phase 3 BETonMACE trial design into the early part of 2016. In our opinion, if all goes according to schedule, the first patient in the Phase 3 program will be dosed at some point in the fourth quarter of this year. Although exact costs will be based on the total number of patients enrolled, we believe the program will cost in the area of $25 million and take about 3 years

to complete. In our opinion, the cash raised from the Hepalink and Eastern Capital Limited will fully fund the Phase 3 BETonMACE trial. Furthermore, this puts the top-line data in 2018, with the goal to file a new drug application (NDA) during the end of 2018 or early part of 2019. We understand that Resverlogix has a lot on its plate with the intricacies of the Phase 3 planning process, but we look forward to learning more about the study once it commences at some point in the fall 2015.

Recent Resverlogix Headlines Regarding Phase 3 BETonMACE

In other news, on June 22, 2015, Resverlogix announced that following various meetings with European regulatory bodies, the company officially attained Phase 3 status with a European Regulatory Authority. With this regulatory confirmation in place, Resverlogix plans to provide a Phase 3 BETonMACE clinical trial design following approval of additional regulatory bodies. BETonMACE is still set to start at some point in the fall 2015, and Resverlogix recently announced that it now has an international clinical steering committee for the trial in place. As a reminder, the primary endpoint of the BETonMACE trial is designed to show a relative risk reduction of Major Adverse Cardiac Events (MACE) in high-risk cardiovascular and diabetes mellitus patients.

A Review of RVX-208

Resverlogix's lead candidate, RVX-208 (apabetalone), is a first-in-class small molecule that inhibits BET proteins and has the potential to impact cardiovascular disease, neurodegenerative diseases, diabetes, cancer, and autoimmune diseases. RVX-208 has a multimodal approach and impacts several key biological processes that play a role in vascular disease risk. These processes include ApoA-I/HDL and reverse cholesterol transport as well as mediation of several vascular inflammatory and metabolic mediators.

Currently, RVX-208 is the first selective BET bromodomain inhibitor in clinical trials for high-risk vascular disease. Resverlogix is the first to test RVX-208 in the reduction of major adverse cardiac events (MACE) in diabetic and chronic kidney disease (CKD) patients, and has a seven-year head start in the arena of epigenetic small molecules for CVD risk reduction. Analysis of prior Phase 2 clinical trials data ("ASSERT", "ASSURE", and "SUSTAIN") showed that RVX-208 significantly reduces coronary atherosclerosis and major adverse cardiac events in patients with CVD who also have a low level of HDL and elevated CRP, and other select populations with unmet medical need. With regulatory confirmation from a European Regulatory Agency now in place, RVX-208 is poised to enter a Phase 3 BETonMACE clinical trial, which is set to start at some point in the fall of 2015.

RVX-208 is a BET antagonist

Resverlogix's lead candidate, RVX-208 (apabetalone), is a first-in-class, orally active small molecule that selectively inhibits BET proteins. RVX-208 works by binding to the two specialized areas of BET proteins known as bromodomains (BD1 and BD2). Both of these bromodomains can recognize and bind an acetylated lysine, which is a modified amino acid found on histones bound to DNA. This process is referred to as "reading", which refers to the protein-to-protein interaction of a BET protein finding and binding an acetylated lysine through the actions of the bromodomain. RVX-208 acts via an epigenetic mechanism on BET proteins, specifically BRD2, BRD3, BRD4 and BRDT with increased selectivity for BRD4-BD2.

Major Adverse Cardiac Events (MACE)

Many scientists, key opinion leaders and physicians believe that of all the biomarkers that are analyzed for providing prognostic predictability for cardiovascular risk, Major Adverse Cardiac Event (MACE) is the most crucial. Payer groups and health systems carefully assess MACE when looking at the potential reimbursement of a novel CVD drug. MACE includes several key markers of cardiovascular risk including worsening angina, worsening of peripheral artery pain and ischemia, prevention of percutaneous stent procedures, hospitalization for cardiac-related incidents, stroke, myocardial infarction and death. According to the 2015 AHA Statistics report, an estimated 85.6 million American adults (greater than 1 in 3) have one or more types of CVD. Many of these CVD patients will have some type of MACE during or after they have been diagnosed with heart disease. On average, more than 2,150 Americans die of CVD daily, which is approximately 1 death every 40 seconds (Mozaffarian *et al*., 2015).

The term MACE (major adverse cardiac events) came into use in the mid-1900s in reference to complications related strictly to percutaneous coronary interventions (PCIs) in hospital settings (Hermans *et al*., 1993 and Keane *et al*., 1994). Although there is no standard definition of MACE, it has become the most commonly utilized end point in cardiovascular clinical research today, and is reported for both short and long term outcomes involving various treatment regimens. MACE is used today as a composite of clinical events that typically include safety and effectiveness endpoints. There has been some controversy over the last decade within the medical community

regarding the true value of MACE in clinical trials, as there is no standard definition for MACE and individual outcomes vary per study and inconsistencies often arise (Kip *et al*., 2008).

Clinical Overview of RVX-208

Resverlogix has completed many clinical trials to date (*below*). RVX-208 has been tested in nearly 1,000 patients in 12 countries, and clinical experience with RVX-208 has demonstrated that BET inhibitors can be both safe and efficacious. Over the years, Resverlogix has gathered information from these studies and shifted focus to target patients with low HDL and diabetes with co-treatment of RVX-208 and rosuvastatin (Crestor®).

Summary of RVX-208 Clinical Trials

Trial	Summary	Patients	Status	Initiated	Data Release
Phase 3	MACE Reduction BETonMACE	2000-4000	Pending	TBD	TBD
Phase 2b	Alzheimer's disease	45-60	Pending	TBD	TBD
Phase 2b	Pre-diabetes mellitus / effects of RVX-208 and ApoA-I production on glucose metabolism	20	Completed	Q4 2012	Q3 2014
Phase 2b ASSURE	26 week risk-stratified IVUS study in patients with low HDL	323	Completed	Q2 2011	Q2 2013
Phase 2b SUSTAIN	24 week single-dose safety, tolerability and efficacy in stable CVD patients with low HDL	176	Completed	Q3 2011	Q3 2012
Phase 2 ASSERT	12 week dose-ranging safety, tolerability and efficacy in stable CVD patient	299	Completed	Q4 2009	Q4 2010
Phase 1b/2a	28 day multiple dosing safety, tolerability and efficacy in healthy volunteers with low HDL	72	Completed	Q3 2008	Q3 2009
Phase 1 BE	Single dose bio-equivalency comparing capsule and tablet drug form	9	Completed	Q3 2009	N/A
Phase 1 BE	Single dose bio-equivalency	7	Completed	Q3 2009	Q4 2009
Phase 1a	First-in-man single ascending dose and 7-day multiple dosing	80	Completed	Q4 2007	Q1 2008

Source: Adapted from Resverlogix, Corp.

Future Clinical Development Plan for Phase 3 "BETonMACE"

Resverlogix believes that a Phase 3 MACE trial could confirm health benefits in CVD, diabetes, and CKD, and that confirmation of this trial would establish a very strong value proposition for a Phase 3 registration trial. The main objective of the trial will be to confirm MACE reduction by RVX-208 as seen in SUSTAIN and ASSURE pooled analysis and also expand safety assessment. The study will be in a larger prospective setting with high-risk patients that have diabetes mellitus and low HDL-C (< 40 mg/dL who are post events). Management also plans to further explore the potential impact that RVX-208 may have on inflammation, the complement and coagulation pathways, as well as on platelet improvement in these high-risk patients in the future Phase 3 trial.

Resverlogix reiterates that RVX-208 is designed to increase ApoA-I and HDL, and through previous studies, it has been found that the drug is most successful in these types of patients. We now know that BETonMACE will be a randomized, double-blind, placebo-controlled, 2 arm parallel-group study of RVX-208 at a dose of 100 mg twice daily (total daily dose of 200 mg) or matching placebo in combination with standard of care statin therapy administered to type 2 diabetes mellitus subjects with history of recent CVD event and HDL-C level < 40 mg/dL males or < 45 mg/dL females. Standard of care statin therapy shall consist of daily dose of either atorvastatin 20-40 mg or rosuvastatin 10-20 mg. After an initial screening period of 1 to 2 weeks during which subjects will be treated with standard of care high potency statin therapy, subjects will be randomized to either RVX-208 100 mg twice daily or matching placebo with continued statin treatment. This combination treatment period will continue for up to 104 weeks. A once daily formulation will be available in the future, but economically, the cost for formula conversion at this point does not make sense. BETonMACE will be conducted in 80-100 European and (potentially) U.S. sites and will be an adaptive trial with a minimum of 2,000 patients and the ability to go up to 4,000 patients if necessary.

The primary endpoint for the trial will be a 25-30% MACE reduction with RVX-208 as compared to the placebo. Resverlogix has defined MACE as the endpoint for the trial as: (1) death, including suddenly with no other reasonable explanation, (2) ischemic stroke, (3) non-fatal myocardial infarction, (4) hospitalization for worsening of angina, (5) revascularization with evidence of progressive anatomy or symptoms, and (6) congestive heart failure of

ischemic etiology. The study is an event-based trial and will continue until 250 MACE events have occurred. MACE will be adjudicated by an independent Endpoint Adjudication Committee and the study will be monitored by a Data Safety Monitoring Board.

Clinical trial sites as well as the contract research organization (CRO) that will handle BETonMACE are already lined up. If all goes according to schedule, the first patient will be dosed at some point in the fourth quarter of this year. Resverlogix had meetings in April 2015 with the EMA (European Medicines Agency), followed by a meeting with the FDA in May 2015. As of June 22 2015, the company officially attained Phase 3 status with a European Regulatory Authority. We believe the program will cost in the area of $25 million and take about 3 years to complete. We note that exact costs will depend on how many patients are ultimately enrolled since the trial is currently setup to be adaptive.

Development Strategy for RVX-208

It is worth mentioning that cardiovascular disease Phase 3 clinical trials typically take two to five years to complete and require testing of a much greater population pool of patients, anywhere from several hundred to several thousand patients. Last year, Resverlogix was in discussions with various parties regarding the sale of RVX-208 in the context of acute coronary disease in a Phase 3 trial. This was projected to cost around $600 million, which was a difficult deal to close. Currently, Resverlogix has repositioned itself for Phase 3 clinical trial planning involving patients with diabetes, decreased levels of HDL with coronary artery disease. There is an unmet need in these high-risk patients as they are more likely to suffer from MACE than CVD patients. Resverlogix believes, and we agree, that this is a much more manageable Phase 3 process. This presents as a large savings in both time and cost related expenses. The Phase 3 clinical trial planning is partly based on existing FDA guidance for Diabetes CVD Safety.

It is also important to mention that RVX-208 has the potential to expand to other indications, and Resverlogix plans on conducting parallel or subsequent Phase 3 trials in the future. For instance, Resverlogix plans on embedding a sub-study of CKD patients within “BETonMACE” and a future Phase 3 peripheral artery disease (PAD) study may be on the horizon. Additionally, we anticipate that Resverlogix will file for an Orphan indication in the future, but we are not exactly sure the path they plan to go down at this point.

Resverlogix hopes that a successful pharmaceutical partnership or licensing agreement for RVX-208 will help reduce the future cost burden, lengthy development time, and high attrition rates, while helping to advance the drug through future clinical trials and drug development stages. We are hopeful that this will ultimately lead to commercialization of the drug. Through extensive modeling and ongoing outreach to key opinion leaders (KOLs), management believes that if RVX-208 shows a 25% relative risk reduction of MACE in the Phase 3 trial, the pharmaco-economics of RVX-208 could be quite appealing for the near future. The company believes it will cost around $2,200-$2,500 per year once it hits the market, similar to AstraZeneca’s Brilinta® (ticagrelor). It’s important to remember that this is a sliding scale and that numbers needed to treat (NNT) and the cost to prevent an event must also be taken into consideration. For example, the ODYSSEY LONG TERM trial showed that alirocumab (Sanofi/Regeneron Pharmaceuticals), an investigational monoclonal antibody that inhibits PCSK9 (proprotein convertase subtilisin/kexin type 9), was significant in lowering LDL cholesterol by 62% and also illustrated a 50-55% reduction in MACE. These results appear to be promising, but with a reported $5,000-$8,000 per year treatment cost per patient, some would argue that the cost to prevent an event could be in the area of $500,000-$700,000 per event as per the analysis of the NNT, in this case 90-92 for alirocumab (vs. 21 for RVX-208 from the SUSTAIN and ASSURE trials), based on annualized treatment therapy. If approved, and if RVX-208 costs mirror what management is currently predicting, we believe this could be a game changer from the viewpoint of payer groups.

Resverlogix is confident that RVX-208 is now well-positioned to move forward on an expedited and more affordable registration path. Resverlogix believes there are early revenue opportunities that include regional licensing deals, with discussions underway in high need areas such as China, Russia and the Middle East. By pursuing this parallel development program, Resverlogix hopes to expand and speed up revenue streams.

Conclusion & Valuation Methodology

Resverlogix’s only clinical stage candidate, RVX-208, is the first selective BET bromodomain inhibitor in clinical trials for high-risk vascular disease. RVX-208 is targeting a very specific patient population with low HDL, diabetes and chronic kidney disease with a high cardiovascular risk for increased MACE. Based on pooled Phase 2 data, patients who respond best to RVX-208 are also taking AstraZeneca’s Crestor® (rosuvastatin), but we do not suspect that will be included in the final label. According to internal analysis conducted by Resverlogix, there is a minimum high-risk market for RVX-208 of 18.8 million patients.

To value Resverlogix, we use metrics directly out of the January 2015 financial statements and the methods for which management values the existing 75.2 million royalty preferred shares. These are preferred shares that are entitled to dividends in the amount of 6-12% of net RVX-208 revenue.

> For fair value measurement purposes, the royalty preferred shares liability has been categorized within level 3 of the fair value measurement hierarchy. The fair value of the royalty preferred shares is based on management's judgments, estimates and assumptions which include significant unobservable inputs including the timing and amounts of discounted risk adjusted future net cash flows derived from the Apo-A-I applications rights. The estimate incorporates the following assumptions: a cumulative probability rate as at January 31, 2015 of generating forecasted future cash flows of 21% for high risk vascular disease with low HDL excluding diabetes mellitus and 14% for diabetes mellitus, and a cumulative probability rate as at April 30, 2014 of generating forecasted future cash flows of 21% (reflecting in each case, among other factors, the Company's clinical results including those of the ASSURE trial); a discount rate of 25.0% as at April 30, 2014 and 24.0% as at January 31, 2015; commencement of revenue in 2020 as at April 30, 2014 and between 2020 and 2023 (based on various possible probability-weighted clinical development paths) as at January 31, 2015; RVX-208 market shares percentages; and product pricing.

Management gave us some pretty good inputs for our valuation model – including 21% probability for high-risk CVD and 14% for diabetes mellitus. We are throwing in another indication, chronic kidney disease, with 10% probability. Management told us that the product will likely launch in 2020, with sales ramping up over the next several years. We are assuming peak sales in 2025. Management also gave us the 24% discount rate, which we believe is a fair estimate. We are using a forward price-to-sales multiple of 5.0x (industry average).

The obvious missing variable is peak sales, which we are modeling at $4.75 billion based on $2.5 billion in high-risk CVD, $1.5 billion in DM, and $0.75 billion in CKD. From that $4.75 billion number, we are backing-out 9% royalty (range 6-12%) on the preferred shares. As a reminder, we arrived at these sales figures by taking a look at the existing market for at risk CVD patients, including approved drugs like Lipitor® ($13.7 billion peak in 2006), Crestor® ($6.6 billion peak in 2011, $5.5 billion in 2014), Lovaza® ($1.1 billion peak in 2013). We are also using several estimates we found for late-stage clinical candidates such as Amgen's and Regeneron/Sanofi's PCSK9 inhibitors, evolocumab and alirocumab, respectively. We are also including CETP inhibitors, such as Merck's anacetrapib and Eli Lilly's evacetrapib, on the list of comparable drugs to help us understand the peak sales potential for RVX-208. Wall Street consensus estimates, as well as independent analyst estimates from websites such as TheStreet.com, FierceBiotech, Benzinga, and Seeking-Alpha, for these drugs range between $3 billion to $10 billion. We believe RVX-208, although flying significantly below the radar of these other drugs, has similar peak sales potential.

We are also assuming that the company will issue shares to pay off the CDN $68.8 million in debt due August 28, 2017. We are using the current stock price of $1.58, less 10% discount, to calculate that it would take approximately 48.4 million in new shares required to pay off the existing debt. The current fully diluted share count is 118.3 million. Thus, we are using an adjusted share count of 167 million in our valuation model.

We believe that strong patent position and pharmaco-economics of RVX-208, combined with a management skill set surrounding CVD and diabetes and a novel approach to addressing the residual risk in high need CVD patients, allows for Resverlogix to be in an interesting position. The company recently securing access to approximately $37 million USD in new capital through licensing and stock purchase agreements with Hepalink and Eastern Capital should fully fund the Phase 3 BETon MACE program.

On the other hand, we still believe that there are certain challenges that Reservlogix will continue to face, and these include the delay in development of RVX-208, ongoing safety analysis of elevated liver signals for RVX-208, and significant operating losses that are building up year after year. We are still not sure what type of cardiovascular clinical trials the FDA and EMA will require of RVX-208, and we are still uncertain regarding the outcome of Phase 3 BETonMACE. As such, although we still see upside to the story, after re-visiting our model, we are maintaining our 'Hold' rating and adjusting our price target to $3.00 given the potential risks involved and the fact that data from BETonMACE will not likely be available until 2018.

PROJECTED FINANCIALS

Resverlogix Corp.
Income Statement

Resverlogix Corp.	Apr. 2014 FY-14	Jul. 2014 Q1	Oct. 2014 Q2	Jan. 2015 Q3	Apr. 2015 Q4	Apr. 2015 FY-15	Apr. 2016 FY-16	Apr. 2017 FY-17	Apr. 2018 FY-18
RVX-208	$0	$0	$0	$0	$0	$0	$0	$0	$0
Licensing & Collaborative	**$0**	**$0**	**$0**	**$0.0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-
Total Revenues	**$0**	**$0**	**$0**	**$0.0**	**$0**	**$0**	**$0**	**$0**	**$0**
CoGS	$0	$0	$0	$0	$0	$0	$0	$0	$0
Product Gross Margin	-	-	-	-	-	-	-	-	-
R&D Expense (net)	$9.8	$0.7	$0.8	$1.0	$1.7	$4.2	$10.0	$15.0	$20.0
SG&A Expense	$4.2	$1.0	$1.1	$1.0	$1.2	$4.3	$4.5	$5.0	$5.5
Operating Income	($14.0)	($1.8)	($1.8)	($1.9)	($3.0)	($8.5)	($14.5)	($20.0)	($25.5)
Operating Margin	-	-	-	-	-	-	-	-	-
Net Finance Activities	$53.1	$8.4	($2.7)	$1.3	($17.0)	($9.9)	$5.0	$5.0	$5.0
Other Gain / Loss	$16.2	$0.0	$0.0	($1.1)	$0.0	($1.1)	$0.0	$0.0	$0.0
Pre-Tax Income	$55.2	$6.7	($4.5)	($1.7)	($19.9)	($19.4)	($9.5)	($15.0)	($20.5)
Taxes & Other	$0.1	$0	($1.2)	$0	$0	($1.1)	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*100%*
Net Income	$55.1	$6.7	($3.3)	($1.7)	($20.0)	($18.3)	($9.5)	($15.0)	($20.5)
Reported EPS	**$0.70**	**$0.08**	**($0.04)**	**($0.02)**	**($0.23)**	**($0.21)**	**($0.11)**	**($0.16)**	**($0.21)**
YOY Growth	-	-				-		-	-
Shares Outstanding	78.9	85.3	85.4	85.7	86.1	85.6	90.0	95.0	100.0

Source: Company Filing // Zacks Investment Research, Inc. Estimates



Source: Resverlogix Corp.

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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- 28.1%, Hold/Neutral- 54.0%, Sell/Underperform – 14.9%. Data is as of midnight on the business day immediately prior to this publication.