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Zacks Small-Cap Research

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Revelation Bios (REVB-NASDAQ)

REVB: 2Q Earnings on Track

Revelation Biosciences is a life sciences company whose focus is the development of immunologic-based therapies. We value REVB at $7.90 using the comparable method involving companies with similar characteristics.

Current Price (08/11/23)	$0.75
Valuation	**$7.90**

OUTLOOK

Revelation Biosciences is a life sciences company whose development of immunologic-based therapies is based on the well-established biology of phosphorylated hexaacyl disaccharide (PHAD) and its effect on the innate immune system.

The company released its 2Q earnings report and reported earnings in line with our expectations, and, more importantly, showed a solid cash position that will allow the company to continue to pursue its goals.

SUMMARY DATA

52-Week High	**$18.17**
52-Week Low	**$0.75**
One-Year Return (%)	**-95.72**
Beta	**0.29**
Average Daily Volume (sh)	**78,978**
Shares Outstanding (mil)	**6**
Market Capitalization ($mil)	**$5**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**16**
Insider Ownership (%)	**3**
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 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Value**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	NR	NR	NR	NR	0 A
2023	0 A	0 E	0 E	0 E	0 E
2024	0 E	0 E	0 E	0 E	0 E
2025	0 E	0 E	0 E	0 E	0 E

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	NR	NR	NR	NR	-20.09 A
2023	$1.96 A	-$0.25 A	-$0.26 E	-$0.27 E	$1.18 E
2024	-$0.25 A	-$0.27 E	-$0.33 E	-$0.29 E	-$1.14 E
2025	-$0.30 E	-$0.30 E	-$0.32 E	-$0.33 E	-$1.25 E

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Update

Revelation Biosciences (REVB) is a life sciences company focused on the development of immunologic-based therapies for the prevention and treatment of disease. Revelation has multiple product candidates in development that we believe have promising potential and are based on the biology of phosphorylated hexaacyl disaccharide (PHAD) and its effect on the innate immune system. The impact of PHAD on the immune system has been studied over multiple years and has been shown to have a positive effect on the human immune system.

The current therapies being developed are:

- REVTx-300, which is being developed as a potential therapy for the treatment of acute and chronic organ disease including CKD, AKI and myocarditis.
- REVTx-100 is being developed as a prevention and treatment of infection.

We believe the toughest fund raise of the process for Revelation has been completed, leaving the company's balance sheet in good shape and providing an opportunity, in our view, to get into REVB at a good time-after a fund raise and just before testing on potentially exciting treatments begins.

The company bolstered those beliefs with their 2Q earnings release which showed:

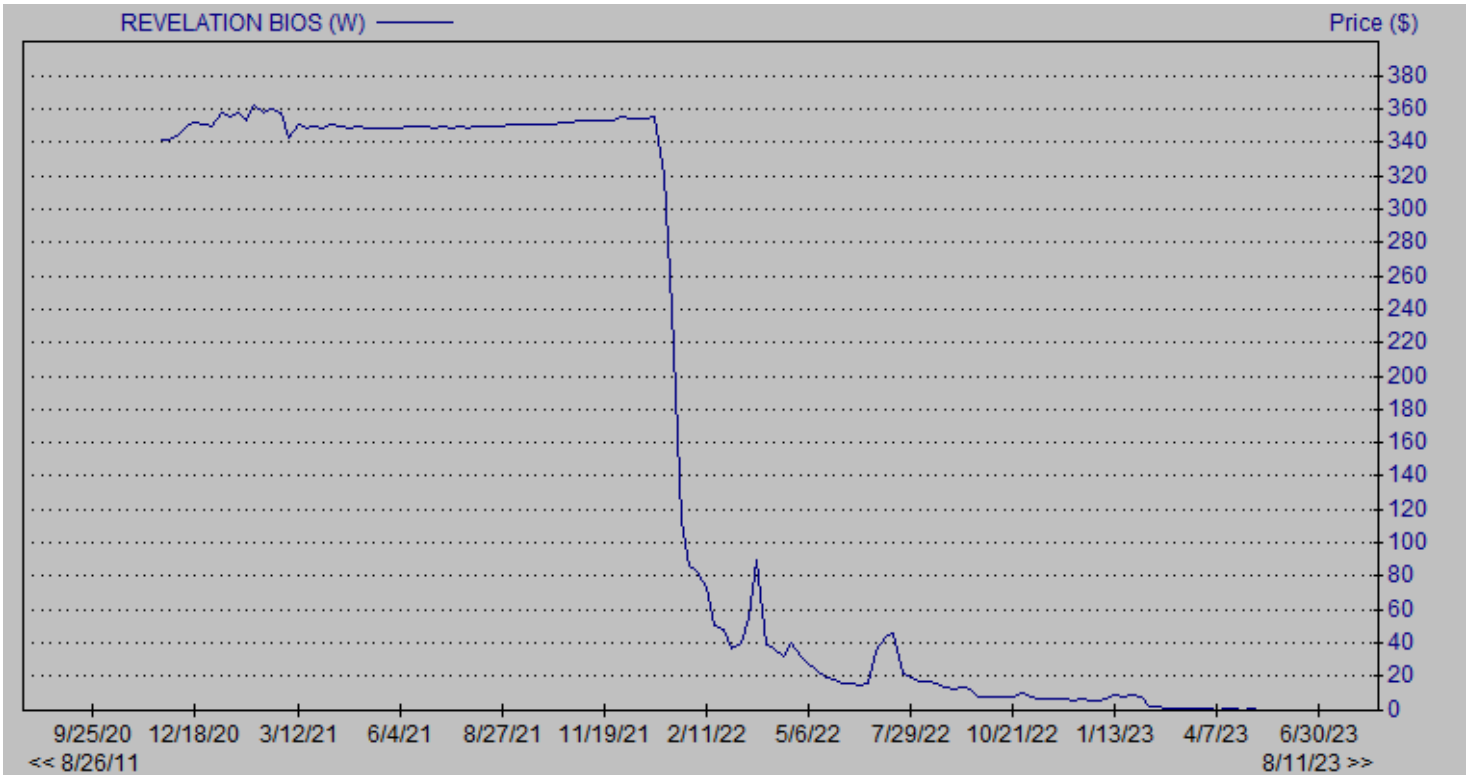
- A loss of $0.25 per share, in line with our expectations.
    - Research expenses were slightly more than we had expected, while administrative costs were lower than expected—a tradeoff we appreciate and we believe speaks to the commitment of management to bring the company's therapies to the public.
- A cash balance of $15.7 million, which the company says will be sufficient to fund operations through June of 2024.
    - We are of the view that this is the most important number released in this report. Funding sources have temporarily tightened in the last several months and multiple companies at this stage of development are having trouble finding additional capital. We believe the solid cash balance for REVB makes the company even more attractive than otherwise might be the case.

We are under no illusions that it's easy to bring new therapies all the way to commercialization and Revelation will undoubtedly face challenges, but we believe that REVB is worth a look by investors due to the potential of the treatments being investigated, the science that has already been established behind those treatments, and the experienced management team the company has, headlined by the CEO who has overseen six INDs and two marketing approvals—experience we believe is needed to shepherd these treatments through the gauntlet of the FDA.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Revelation Income Statement and Balance Sheet						
	2022A	1Q2023A	2Q2023A	3Q2023E	4Q2023E	2024E
Revenues	0	0	0	0	0	0
Operating Expenses						
Research and Development	5,377,400	525,273	909,278	945,649	964,562	4,051,161
General and Administrative	5,487,111	1,094,574	1,023,752	1,064,702	1,185,996	4,981,184
Total Operating Expenses	10,864,511	1,619,847	1,933,030	2,010,351	2,150,558	9,032,345
Gain/(Loss) from Operations	(10,864,511)	(1,619,847)	(1,933,030)	(2,010,351)	(2,150,558)	(9,032,345)
Other Income/(Expense)						
Change in fv of warrant liab.	0	7,744,935	423,239	0	0	0
Other income/(expense)	34,962	34,107	61,621	62,853	64,110	261,571
Total other income/(expense)	34,962	7,779,042	484,860	62,853	64,110	261,571
Net Income/(Loss)	(10,829,549)	6,159,195	(1,448,170)	(1,947,498)	(2,086,448)	(8,770,774)
Net Income/(Loss) per share	($20.09)	$1.96	($0.25)	($0.33)	($0.35)	($1.46)
Shares Outstanding-diluted	539,037	3,135,916	5,812,278	5,870,401	5,929,105	5,988,396
Assets						
Current Assets:						
Cash and equivalents	5,252,979	17,702,818	15,711,218	13,700,867	11,550,309	2,517,964
Other current assets	160,303	332,387	250,012	260,012	270,413	281,229
Total current assets	5,413,282	18,035,205	15,961,230	13,960,879	11,820,722	2,799,194
Property and Equipment	90,133	83,870	77,608	76,056	74,535	73,044
Total Assets	5,503,415	18,119,075	16,038,838	14,036,935	11,895,256	2,872,238
Liabilities and SH Equity						
Current Liabilities:						
Accounts payable	554,205	705,089	913,866	923,005	932,235	941,557
Accrued expenses	985,497	973,925	496,870	501,839	506,857	511,926
Def. underwriting coms.	2,911,260	2,911,260	2,911,260	2,911,260	2,911,260	2,911,260
Warrant liabilities	0	3,511,155	302,039	308,080	314,241	320,526
Total current liabilities	4,450,962	8,101,429	4,624,035	4,644,183	4,664,593	4,685,269
Total Liabilities	4,450,962	8,101,429	4,624,035	4,644,183	4,664,593	4,685,269
Shareholder Equity						
Common Stock	683	4,730	6,297	4,730	4,730	4,730
Additional Paid-in Capital	26,398,618	29,200,569	32,044,329	33,646,545	35,328,873	37,095,316
Accumulated Deficit	(25,346,848)	(19,187,653)	(20,635,823)	(24,258,524)	(28,102,940)	(38,913,077)
Total Shareholder Equity	1,052,453	10,017,646	11,414,803	9,392,751	7,230,663	(1,813,031)
Total Liabilities and SE	5,503,415	18,119,075	16,038,838	14,036,935	11,895,256	2,872,238

HISTORICAL STOCK PRICE



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