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Zacks Small-Cap Research

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Revelation Bios (REVB-NASDAQ)

REVB: 3Q Earnings Keep Company Moving Forward

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 (11/13/23)	$0.57
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 3Q earnings report and reported earnings slightly below our expectations due to increased research expenses, and, more importantly, showed a solid cash position that will allow the company to continue to pursue its goals.

SUMMARY DATA

52-Week High	**$10.49**
52-Week Low	**$0.56**
One-Year Return (%)	**-92.83**
Beta	**0.22**
Average Daily Volume (sh)	**30,846**
Shares Outstanding (mil)	**6**
Market Capitalization ($mil)	**$4**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**13**
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 A	0 A	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	-$0.25 A	-$0.42 A	-$0.29 E	-$1.21 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 under the so-called Gemini project 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.

The company has announced that Phase I testing is set to begin on Gemini near the end of 2023—a crucial milestone for the company and one that we are anxious to see the results of.

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 3Q earnings release which showed:

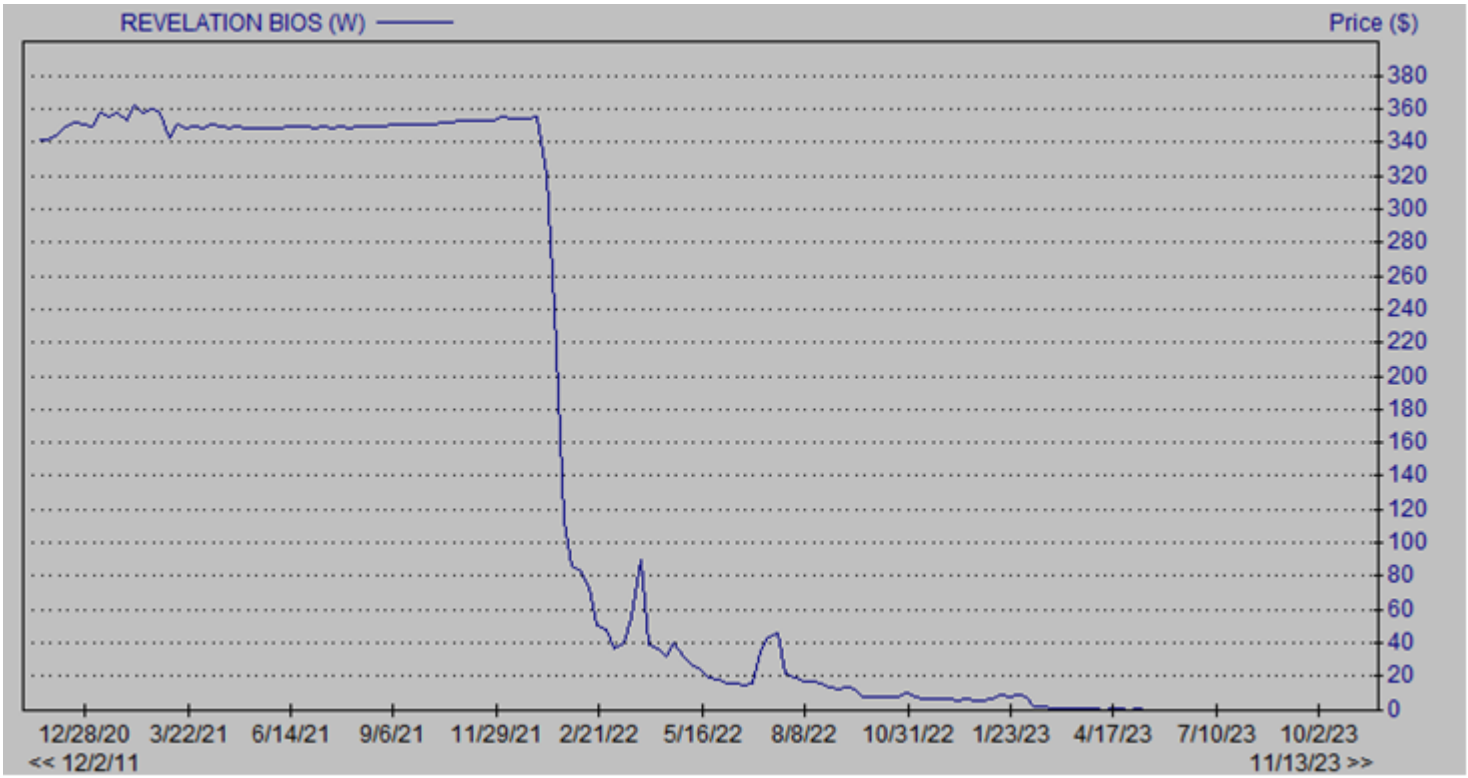
- A loss of $0.42 per share, slightly lower than our expectations.
    - Research expenses were more than we had expected, while administrative costs were slightly lower than expected—a tradeoff we appreciate and we believe speaks to the commitment of management to bring the company's therapies to the public.
- A cash balance of $14.0 million, which the company says will be sufficient to fund operations through September of 2024.
    - We are of the view that this is the most important number released in this report. Funding sources have 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**	**3Q2023A**	**4Q2023E**	**2024E**
Revenues	0	0	0	0	0	0
Operating Expenses						
Research and Development	5,377,400	525,273	909,278	1,651,367	1,684,394	7,074,456
General and Administrative	5,487,111	1,094,574	1,023,752	1,126,530	1,249,061	5,246,055
Total Operating Expenses	10,864,511	1,619,847	1,933,030	2,777,897	2,933,455	12,320,511
Gain/(Loss) from Operations	(10,864,511)	(1,619,847)	(1,933,030)	(2,777,897)	(2,933,455)	(12,320,511)
Other Income/(Expense)						
Change in fv of warrant liab.	0	7,744,935	423,239	92,561	0	0
Other income/(expense)	34,962	34,107	61,621	56,960	58,099	237,045
Total other income/(expense)	34,962	7,779,042	484,860	149,521	58,099	237,045
Net Income/(Loss)	(10,829,549)	6,159,195	(1,448,170)	(2,628,376)	(2,875,356)	(12,083,466)
Net Income/(Loss) per share	($20.09)	$1.96	($0.25)	($0.42)	($0.45)	($1.88)
Shares Outstanding-diluted	539,037	3,135,916	5,812,278	6,297,303	6,360,276	6,423,879
Assets						
Current Assets:						
Cash and equivalents	5,252,979	17,702,818	15,711,218	13,994,537	11,061,082	10,508,028
Other current assets	160,303	332,387	250,012	152,637	158,742	165,092
Total current assets	5,413,282	18,035,205	15,961,230	14,147,174	11,219,825	10,673,120
Property and Equipment	90,133	83,870	77,608	71,346	69,919	68,521
Total Assets	5,503,415	18,119,075	16,038,838	14,218,520	11,289,744	10,741,641
Liabilities and SH Equity						
Current Liabilities:						
Accounts payable	554,205	705,089	913,866	1,257,224	1,269,796	1,282,494
Accrued expenses	985,497	973,925	496,870	1,022,035	1,032,255	1,042,578
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	209,478	213,668	217,941
Total current liabilities	4,450,962	8,101,429	4,624,035	5,399,997	5,426,979	5,454,273
Total Liabilities	4,450,962	8,101,429	4,624,035	5,399,997	5,426,979	5,454,273
Shareholder Equity						
Common Stock	683	4,730	6,297	6,297	6,297	6,297
Additional Paid-in Capital	26,398,618	29,200,569	32,044,329	32,076,425	33,680,246	35,364,259
Accumulated Deficit	(25,346,848)	(19,187,653)	(20,635,823)	(23,264,199)	(27,823,778)	(30,083,188)
Total Shareholder Equity	1,052,453	10,017,646	11,414,803	8,818,523	5,862,765	5,287,368
Total Liabilities and SE	5,503,415	18,119,075	16,038,838	14,218,520	11,289,744	10,741,641

HISTORICAL STOCK PRICE



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