July 8, 2024

Zacks Small-Cap Research

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Revelation Bios (REVB-NASDAQ)

REVB: Positive Results Set Stage for Next Step

Revelation Biosciences is a life sciences company whose focus is the development of immunologic-based therapies. We value REVB at $12.40 using the comparable method involving companies with similar characteristics.

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 announced data from its Phase 1 clinical study of its Gemini treatment. These results were extremely positive and represent a major step forward for Revelation.

Current Price (07/05/24)	$1.73
Valuation	**$12.40**

SUMMARY DATA

52-Week High	**$25.47**
52-Week Low	**$1.65**
One-Year Return (%)	**-93.06**
Beta	**0.21**
Average Daily Volume (sh)	**1,843,005**
Shares Outstanding (mil)	**2**
Market Capitalization ($mil)	**$3**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**13**
Insider Ownership (%)	**0**
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**

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 A	0 A
2024	0 E	0 E	0 E	0 E	0 E
2025	0 E	0 E	0 E	0 E	0 E

Earnings Per Share

	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 A	-$8.33 A	$10.8 E
2024	-$2.46 A	-$2.27 E	-$2.73 E	-$2.17 E	-$9.63 E
2025	-$2.00 E	-$1.75 E	-$1.75 E	-$1.50 E	-$7.00 E

*numbers don't add due to reverse stock split

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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 company's current therapeutic candidates are all based on the active ingredient PHAD, which is a synthetic version of MPLA, that is known to stimulate TLR-4. PHAD stimulation of TLR-4 leads to the production of multiple types of cytokines and chemokines which modulate the activity of the innate and adaptive immune response. Modulated activities may include stimulation and recruitment of infection fighting immune cells, down-regulation of inflammation, and/or upregulation of inflammation depending on the degree and nature of the stimulation which enables the multiple potential product candidates in development.

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.

In what we view as a major development, the company announced data from its Phase 1 trial of Gemini. This study involved 40 healthy individuals between the ages of 18 and 55 who were given placebo, low, mid and high doses. The primary purpose was to determine what the appropriate dosage was to use for further studies as well as evaluating the safety of Gemini. Those goals were both met, with the company noting that Gemini was generally well tolerated, with adverse events increasing as the dose increased. It's important to note that Gemini administration did not result in any significant changes in clinical safety markers. The company also noted that the mid-level dose is now established as the maximum tolerated dose in healthy volunteers.

Even more exciting was that the company released data on key circulatory biomarkers from the study that showed the expected positive results. The best way to show this is probably by the company provided charts:

Figure 1. Peak Increase in IL1RA vs Baseline

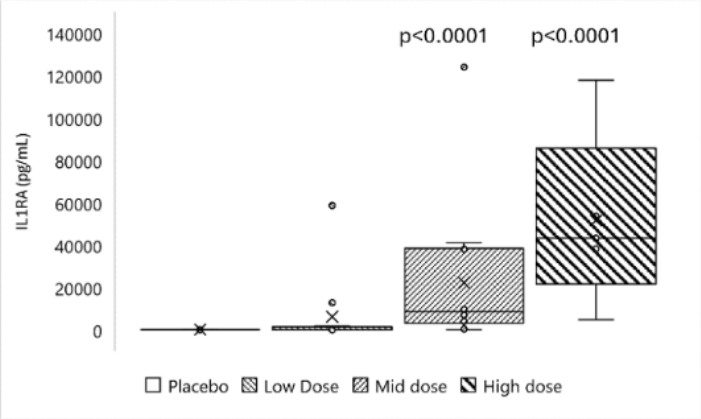


Figure 2. Peak Increase in NGAL vs Baseline

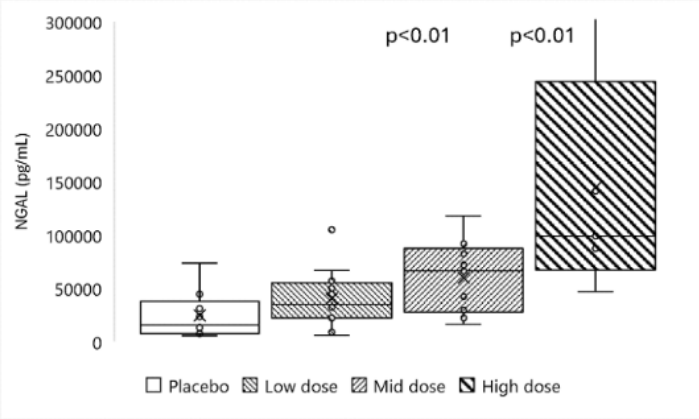


Figure 3. Peak Increase in CRP vs Baseline

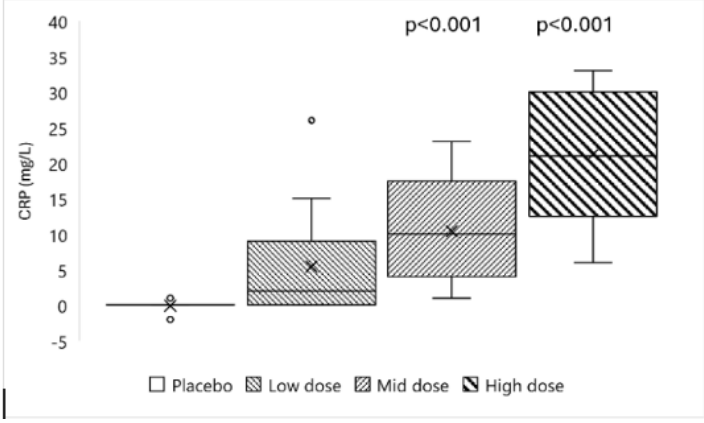
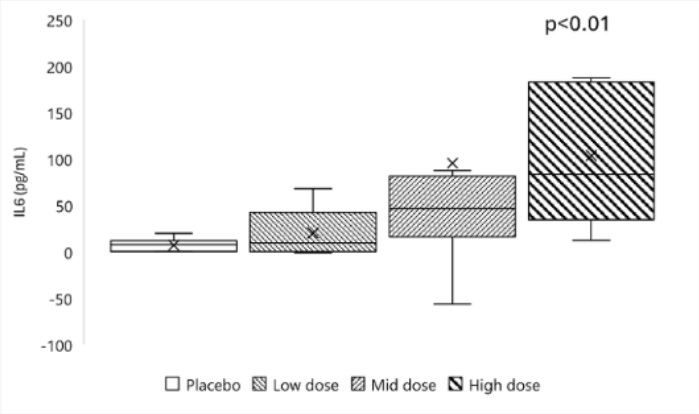


Figure 4. Peak Increase in IL6 vs Baseline



Source: Revelation Biosciences

According to the company, figures 1-4 illustrate the reprogramming of the innate immune response after Gemini administration. Briefly explaining the above charts:

Figure 1--IL-1RA has anti-inflammatory properties, as it binds to the IL-1 receptor, blocking IL-1a and IL-1b, major drivers of the inflammation cascade.

Figure 2--NGAL sequesters iron and is an important defense for preventing excessive oxidative damage resulting from injury and/or ongoing inflammation.

Figure 3--CRP plays an important role in resolving acute inflammation through increased phagocytosis, clearing cellular debris.

Figure 4--IL-6 at low concentrations facilitates multiple activities associated with the resolution of inflammation.

It's easy to see that the administration of Gemini had a positive influence on these key biomarkers, which is more confirmation to our belief the Revelation is on the right track. And we are excited that the company is moving forward with testing that we believe will continue to produce positive results. CEO James Rolke notes, "With this new data, we are excited and committed to moving rapidly into a Phase 1b study in patients late 2024."

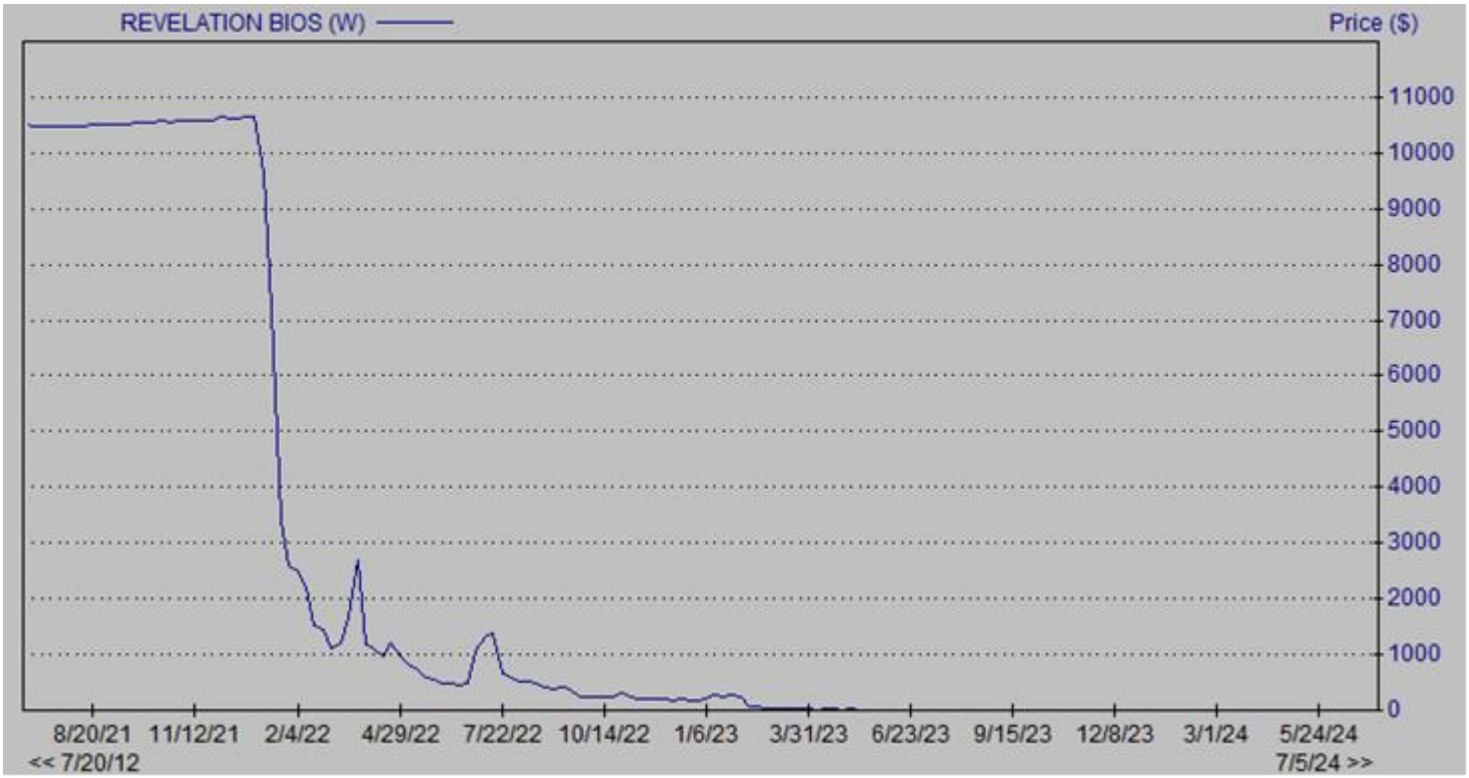
We are under no illusions that it's easy to bring new therapies all the way to commercialization and Revelation will undoubtedly face challenges, but we believe that REVB is worth a look by investors due to the potential of the treatments being investigated, the science that has already been established 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						
	4Q2023A	1Q2024A	2Q2024E	3Q2024E	4Q2024E	2025E
Revenues	0	0	0	0	0	0
Operating Expenses						
Research and Development	1,059,984	717,582	909,278	1,651,367	1,059,984	4,451,933
General and Administrative	1,265,906	1,184,556	1,023,752	1,126,530	1,265,906	5,316,805
Total Operating Expenses	2,325,890	1,902,138	1,933,030	2,777,897	2,325,890	9,768,738
Gain/(Loss) from Operations	(2,325,890)	(1,902,138)	(1,933,030)	(2,777,897)	(2,325,890)	(9,768,738)
Other Income/(Expense)						
Change in fv of warrant liab.	68,202	68,427	70,480	72,594	74,772	77,015
Other income/(expense)	54,785	(847,722)	(805,336)	(765,069)	(726,816)	(690,475)
Total other income/(expense)	122,987	(779,295)	(734,856)	(692,475)	(652,044)	(613,460)
Net Income/(Loss)	(2,202,903)	(2,681,433)	(2,667,886)	(3,470,372)	(2,977,934)	(10,382,198)
Net Income/(Loss) per share	($8.33)	($2.46)	($2.27)	($2.73)	($2.17)	($7.00)
Shares Outstanding-diluted	264,537	1,089,833	1,177,020	1,271,181	1,372,876	1,482,706
Assets						
Current Assets:						
Cash and equivalents	11,991,701	14,551,740	15,711,218	13,994,537	11,991,701	11,392,116
Other current assets	155,824	71,876	250,012	152,637	155,824	162,057
Total current assets	12,147,525	14,623,616	15,961,230	14,147,174	12,147,525	11,554,173
Property and Equipment	65,084	77,994	77,608	71,346	65,084	63,782
Total Assets	12,212,609	14,701,610	16,038,838	14,218,520	12,212,609	11,617,955
Liabilities and SH Equity						
Current Liabilities:						
Accounts payable	1,359,898	1,681,665	913,866	1,257,224	1,359,898	1,373,497
Accrued expenses	1,152,460	620,280	496,870	1,022,035	1,152,460	1,163,985
Def. underwriting coms.	2,911,260	2,911,260	2,911,260	2,911,260	2,911,260	2,911,260
Warrant liabilities	141,276	15,260	302,039	209,478	141,276	144,102
Total current liabilities	5,564,894	5,228,465	4,624,035	5,399,997	5,564,894	5,592,843
Total Liabilities	5,564,894	5,228,465	4,624,035	5,399,997	5,564,894	5,592,843
Shareholder Equity						
Common Stock	265	1,633	6,297	6,297	265	265
Additional Paid-in Capital	32,114,552	37,620,047	32,044,329	32,076,425	32,114,552	33,720,280
Accumulated Deficit	(25,467,102)	(28,148,535)	(20,635,823)	(23,264,199)	(25,467,102)	(27,695,433)
Total Shareholder Equity	6,647,715	9,473,145	11,414,803	8,818,523	6,647,715	6,025,112
Total Liabilities and SE	12,212,609	14,701,610	16,038,838	14,218,520	12,212,609	11,617,955

HISTORICAL STOCK PRICE



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