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# Zacks Small-Cap Research

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## Revelation Bios (REVB-NASDAQ)

### REVB: Good Expense Control as Company Prepares for Trials

Revelation Biosciences is a life sciences company whose focus is the development of immunologic-based therapies. We value REVB at $5.50 using the comparable method involving companies with similar characteristics.

| | |
|---|---|
| Current Price (11/08/24) | $0.82 |
| **Valuation** | **$5.50** |

### 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 3Q2024 earnings results and showed solid cash on hand. The company earlier in the year announced data from its Phase 1 clinical study of its Gemini treatment and noted in its filing it is anticipating the FDA approving its IND.

### SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$22.96** |
| **52-Week Low** | **$0.72** |
| **One-Year Return (%)** | **-95.12** |
| **Beta** | **0.15** |
| **Average Daily Volume (sh)** | **235,226** |
| **Shares Outstanding (mil)** | **2** |
| **Market Capitalization ($mil)** | **$1** |
| **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 A | 0 A | 0 A | 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 | -$5.13 A | -$0.84 E | -$0.95 E | -9.38 E |
| 2025 | -$0.85 E | -$0.82 E | -$0.80 E | -$0.78 E | -3.25 E |

*numbers don't add due to reverse stock split

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## Update

Revelation Biosciences (REVB) announced its 3Q2024 financial results which showed, after exciting testing announcements detailed below, good cash on hand that the company says is at least enough to finance operations into 2025. Clinical stage companies are often in a cash crunch, and we are pleased to see that Revelation is in solid shape for the foreseeable future. Cash on the balance sheet stood at $6.5 million at the end of 3Q, while improved expense discipline improved the bottom line, as the loss of $0.84 per share bested our estimates and was much improved from the previous quarter.

As a result of the dilution that occurred as the company raised cash, our target price for REVB is moving to $5.50 per share, but this is simply as a result of the math and in no way reflects a downgrade view of the company. Just the opposite, in fact, as a result of the announcement detailed below, we are increasingly optimistic about the prospects for REVB.

Revelation Biosciences 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, earlier this year 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**

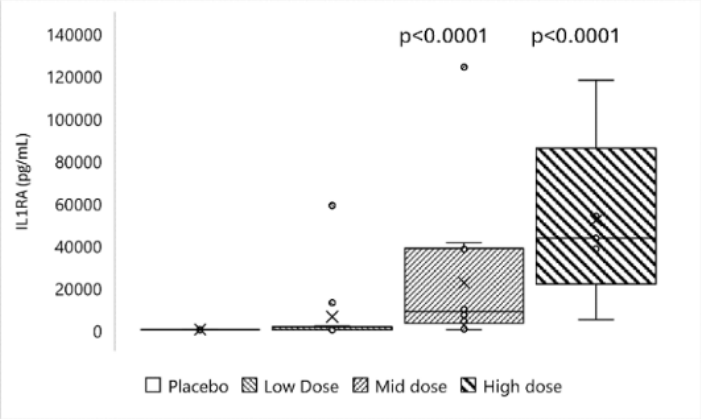



**Figure 2. Peak Increase in NGAL vs Baseline**

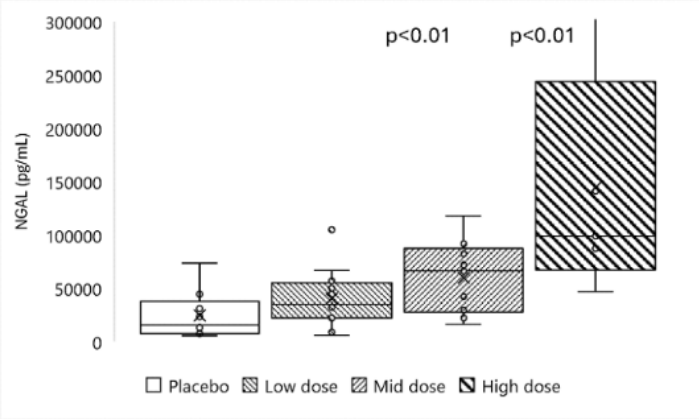



**Figure 3. Peak Increase in CRP vs Baseline**

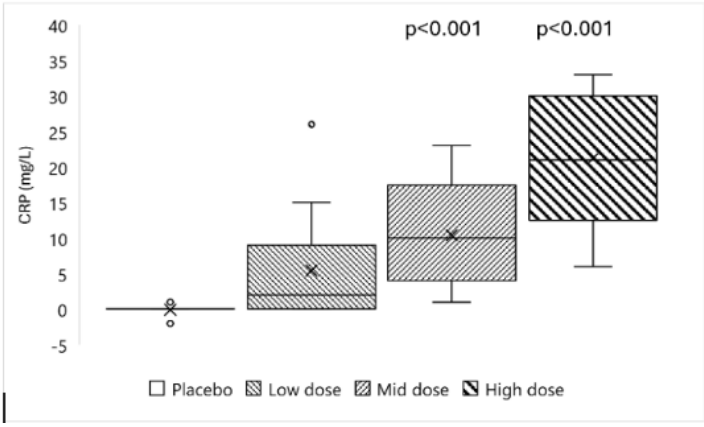
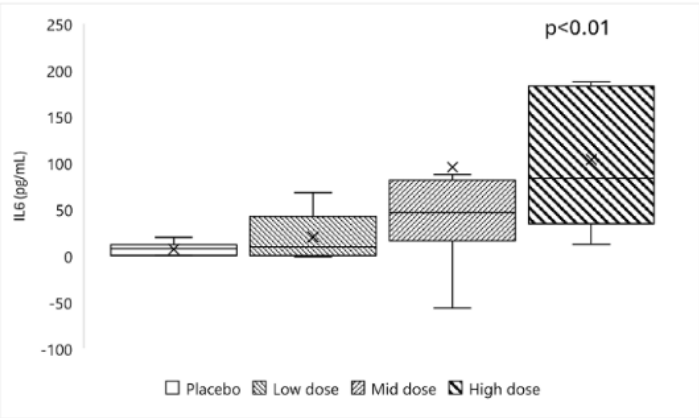



**Figure 4. Peak Increase in IL6 vs Baseline**




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 noted, "With this new data, we are excited and committed to moving rapidly into a Phase 1b study in patients late 2024." The company notes in its quarterly filing that it is "looking forward to the anticipated acceptance of our IND by the FDA."

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 | 2Q2024A | 3Q2024A | 4Q2024E | 2025E |
| Revenues | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | | | | | | |
| Research and Development | 1,059,984 | 717,582 | 1,394,929 | 830,981 | 1,059,984 | 4,451,933 |
| General and Administrative | 1,265,906 | 1,184,556 | 1,127,468 | 965,705 | 1,265,906 | 5,316,805 |
| Total Operating Expenses | 2,325,890 | 1,902,138 | 2,522,397 | 1,796,686 | 2,325,890 | 9,768,738 |
| Gain/(Loss) from Operations | (2,325,890) | (1,902,138) | (2,522,397) | (1,796,686) | (2,325,890) | (9,768,738) |
| Other Income/(Expense) | | | | | | |
| Change in fv of warrant liab. | 68,202 | 68,427 | 4,416 | 6,041 | 6,222 | 6,409 |
| Other income/(expense) | 54,785 | (847,722) | (5,871,838) | (450,920) | (428,374) | (406,955) |
| Total other income/(expense) | 122,987 | (779,295) | (5,867,422) | (444,879) | (422,152) | (400,546) |
| Net Income/(Loss) | (2,202,903) | (2,681,433) | (8,389,819) | (2,241,565) | (2,748,042) | (10,169,284) |
| Net Income/(Loss) per share | ($8.33) | ($2.46) | ($5.13) | ($0.84) | ($0.95) | ($3.25) |
| Shares Outstanding-diluted | 264,537 | 1,089,833 | 1,635,234 | 2,679,941 | 2,894,336 | 3,125,883 |
| | | | | | | |
| | | | | | | |
| Assets | | | | | | |
| Current Assets: | | | | | | |
| Cash and equivalents | 11,991,701 | 14,551,740 | 12,073,058 | 6,541,052 | 11,991,701 | 11,392,116 |
| Other current assets | 155,824 | 71,876 | 125,743 | 117,846 | 155,824 | 162,057 |
| Total current assets | 12,147,525 | 14,623,616 | 12,198,801 | 6,658,898 | 12,147,525 | 11,554,173 |
| Property and Equipment | 65,084 | 77,994 | 70,774 | 81,242 | 65,084 | 63,782 |
| Total Assets | 12,212,609 | 14,701,610 | 12,269,575 | 6,740,140 | 12,212,609 | 11,617,955 |
| Liabilities and SH Equity | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | 1,359,898 | 1,681,665 | 1,281,323 | 3,127,348 | 1,359,898 | 1,373,497 |
| Accrued expenses | 1,152,460 | 620,280 | 8,454,139 | 934,372 | 1,152,460 | 1,163,985 |
| Def. underwriting coms. | 2,911,260 | 2,911,260 | 1,382,848 | 0 | 0 | 0 |
| Warrant liabilities | 141,276 | 15,260 | 10,844 | 4,803 | 141,276 | 144,102 |
| Total current liabilities | 5,564,894 | 5,228,465 | 11,129,154 | 4,066,523 | 2,653,634 | 2,681,583 |
| Total Liabilities | 5,564,894 | 5,228,465 | 11,129,154 | 4,066,523 | 2,653,634 | 2,681,583 |
| Shareholder Equity | | | | | | |
| Common Stock | 265 | 1,633 | 1,643 | 4,292 | 265 | 265 |
| Additional Paid-in Capital | 32,114,552 | 37,620,047 | 37,677,132 | 41,449,244 | 32,114,552 | 33,720,280 |
| Accumulated Deficit | (25,467,102) | (28,148,535) | (36,538,354) | (38,779,919) | (22,555,842) | (24,784,173) |
| Total Shareholder Equity | 6,647,715 | 9,473,145 | 1,140,421 | 2,673,617 | 9,558,975 | 8,936,372 |
| Total Liabilities and SE | 12,212,609 | 14,701,610 | 12,269,575 | 6,740,140 | 12,212,609 | 11,617,955 |

## HISTORICAL STOCK PRICE



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