

## Quantum Genomics Corp.

(ALQGC.PA: Paris)

## First Half Results

Our valuation uses a DCF model and a 15% discount rate that includes contributions from the United States, European Union, Latin America, Asia, Canada, South Korea, Israel, Middle East, Africa, former USSR & Oceania.

Current Price (10/17/2022) €3.88  
Valuation €16.00

## OUTLOOK

Quantum Genomics is developing lead candidate firibastat for difficult-to-treat and resistant hypertension (HTN) and heart failure (HF). The BAPAI class drug blocks the conversion of A2 to A3 thereby preventing A3 binding with AT1 receptors at the brain level which controls blood pressure via a triple mechanism of action.

Quantum is conducting two Ph3 trials for HTN in difficult-to-treat and resistant populations (FRESH & REFRESH), a Ph2b trial in heart failure (QUORUM) and a Ph1 in 1x/day HTN. The first patient in the REFRESH Ph3 safety study for HTN was enrolled in July 2021. The timeline anticipates FRESH topline data in November 2022.

HTN is a highly prevalent disease and a material portion of this population does not have the disease under control. Firibastat seeks to address this unmet need via a differentiated pathway complementary to currently approved therapies.

Our valuation assumes a 2023 regulatory submission in multiple geographies and subsequent commercialization after approval. Numerous partners have been added around the globe to conduct trials, manufacture product and commercialize firibastat.

## SUMMARY DATA

52-Week High 4.58  
52-Week Low 1.54  
One-Year Return (%) -11.0  
Beta 0.8  
Average Daily Volume (sh) 149,068

Shares Outstanding (mil) 34.6  
Market Capitalization (€mil) 134.2  
Short Interest Ratio (days) N/A  
Institutional Ownership (%) 4.9  
Insider Ownership (%) 9.7

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 2021 Estimate N/A  
P/E using 2022 Estimate N/A

Zacks Rank N/A

Risk Level  
Type of Stock  
Industry

Above Average  
Small-Growth  
Med-Biomed/Gene

## ZACKS ESTIMATES

## Revenue

(In millions of EUR)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2021	€0.0 A	€2.7 A	€0.0 A	€0.5 A	€3.2 A
2022	€0.0 A	€2.9 A	€0.0 E	€3.0 E	€5.9 E
2023					€10.0 E
2024					€15.6 E

## Earnings per Share

	Q1	Q2	Q3	Q4	Year
2021	€0.00 A	-€0.23 A	€0.00 A	-€0.38 A	-€0.60 A
2022	€0.00 A	-€0.26 A	€0.00 E	-€0.18 E	-€0.43 E
2023					-€0.30 E
2024					€0.10 E

## WHAT'S NEW

Quantum Genomics S.A. (Paris: ALQGC.PA) reported first half 2022 results in an October 5<sup>th</sup> [press release](#). During the period, Quantum enrolled its final patient in the FRESH study and has scheduled the release of topline results to be presented at the American Heart Association November [conference](#) in Chicago, Illinois. Other important events during the reporting period were the raise of additional capital in April and the generation of €2.9 million in revenues.

Since the beginning of the year, Stéphane Cohen was appointed as Chief Operating Officer, Sarah Merlen Boulenger as the Head of Regulatory Affairs and new members were added to the Scientific Advisory Board. As results from the FRESH study are made public, we expect increased activity from management to reach out to new partners in Asia, the U.S. and E.U. for further licensing deals. We provide an update on Quantum's financial performance and include results from the first half 2022 press release and financial report.

Highlights for 2022 include:

- Appointment of François Pelen to the Board of Directors – January 2022
- Stéphane Cohen joins as Chief Operating Officer - March 2022
- New patents granted for QGC606 - March 2022
- Publication of article featuring QGC606 - March 2022
- €17.6 million fundraising – April 2022
- [Appointment](#) of Sarah Merlen Boulenger as Head of Regulatory Affairs – May 2022
- Recruitment completion for FRESH study – May 2022
- [Appointment](#) of new Scientific Advisory Board – June 2022

### *Financial Results*

Quantum generated revenues of €2.9 million in 1H:22 and incurred operating expenses of (€12.5) million yielding net loss of (€8.9) million or approximately (€0.26) per share.<sup>1</sup>

For the six-month period ending June 30, 2022 and versus the comparable six-month period ending June 30, 2021:

- Revenue was €2.9 million, up 7% from €2.7 million, mainly comprising milestones from South Korea and Taiwan related to the REFRESH study. The amount also includes €0.6 million from Biolab for the FRESH study in Brazil;
- Personnel costs were €1.3 million, comparable with €1.1 million;<sup>2</sup>
- Research and development costs were €10.6 million vs. €6.7 million with the increase attributable to continued progress in clinical studies;
- Other operating costs were €0.7 million vs €0.5 million, driven by higher depreciation and other expenses partially offset by lower taxes;
- Tax represented a (€1.2) million contribution to income reflecting a research and development tax credit;
- Net loss was (€8.9) million versus (€6.2) million, or (€0.26) and (€0.23),<sup>3</sup> respectively.

As of June 30, 2022, cash and equivalents totaled €19.4 million. Cash burn for the first half was (€11.4) million. Financial debts stand at €3.0 million and relate to the PGE state guaranteed loan and the R&D innovation loan.

### **End of Patient Recruitment for FRESH**

In a May 9<sup>th</sup> [press release](#), Quantum announced that it had completed patient recruitment for its Phase III pivotal [FRESH](#) study. No treatment-related adverse events were reported. The study enrolled an estimated 502 patients in 69 hospitals across Europe, Canada, the United States and Latin America. FRESH is a double-blind, placebo-controlled, multicenter, efficacy and safety study of firibastat administered over 12 weeks in adult subjects, with un-

<sup>1</sup> Calculation uses end of period share count to calculate earnings per share

<sup>2</sup> Amounts include social security charges

<sup>3</sup> Calculation uses end of period share count to calculate earnings per share

controlled primary hypertension. Subjects were randomized 1:1 to fribastat or placebo in addition to existing chronic antihypertensive treatments.

We expect a readout of the primary and secondary endpoints of various blood pressure readings to be shared with investors in the coming months and be presented during the American Heart Association (AHA) Congress in Chicago from November 5 to 7, 2022. The presentation featuring FRESH results is scheduled for 3 pm on November 7<sup>th</sup>.

### **Scientific Advisory Board**

The direction of the FRESH and REFRESH studies had been guided by a Scientific Steering Committee that consisted of five experts in the field of hypertension that have each served in this role for several years. In June 2022, Quantum **formed** a Scientific Advisory Board (SAB) which included several of the same members of the committee to advise Quantum on the future disposition of fribastat. The board members include seasoned members Drs. George Bakris, Keith Ferdinand and Alexandre Persu, who are joined by Drs. Gregory Lip and Atul Pathak who are new to Quantum's SAB.

### **New Capital and New Investors Added**

Quantum Genomics S.A. (Paris: ALQGC.PA) **raised** €15.6 million gross benefitting from an April deal conducted with several new and existing shareholders. Participants in the raise include Otium Capital, the family office of Pierre-Edouard Stérin and Vatel Capital among others. In parallel, recently added partner Julphar agreed to increase its capital investment by €1.87 million. The Julphar shares have a one-year lockup attached.

Shares associated with the €15.6 million raise were **issued** at €2.44 per share, a 15% discount to the April 26 Quantum closing price. Subscription rights, which allow a shareholder to maintain his proportional ownership in the company, were rescinded as part of the offering.

Monies from the raise will be used to continue the funding of fribastat development and explore new therapeutic fields based on existing Brain Aminopeptidase A Inhibition (BAPAI) patents. Following the financing, Quantum will hold €23.6 million in cash, which is sufficient to fund operations until 2Q:23.

### **Partnerships**

**Exhibit I – Development and Commercialization Partnerships<sup>4</sup>**

Partner	Date	Territory	Consideration
Biolab Sanus	9-Dec-19	Latin America	\$21.2M + royalties
Orient EuroPharma	22-Sep-20	Taiwan, Southeast Asia, <sup>5</sup> Australia and New Zealand	\$19M + double digit royalties
Xediton Pharmaceuticals	28-Oct-20	Canada	\$11.35M + double digit royalties
DongWha Pharm	2-Dec-20	South Korea	\$18.5M + double digit royalties
Faran	15-Dec-20	Greece	\$12.1 million + double digit royalties
Teva Israel	25-Nov-21	Israel	\$11 million + 25-30% royalties
Julphar	6-Dec-21	ME, Africa, CIS, <sup>6</sup> Turkey	\$20 million + royalties

### **New Appointments, Patents and Publications**

#### *Stéphane Cohen – Chief Operating Officer*

On March 14, 2022, Quantum **announced** that Stéphane Cohen joined the firm as Chief Operating Officer. Stéphane Cohen has held operational management and senior leadership positions involving a dozen successful market launches of new treatments in major pharmaceutical companies, particularly at Bayer and Pfizer for eighteen years. Dr. Cohen earned his PharmD from Aix-Marseille University and his master's in marketing from the ESSEC Business School.

<sup>4</sup> Compiled by Zacks Analysts

<sup>5</sup> Malaysia, Philippines, Singapore, Vietnam, Thailand, Indonesia, Myanmar, Cambodia

<sup>6</sup> Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan

### Sarah Merlen Boulenger - Head of Regulatory Affairs

On May 4, 2022, Sarah Merlen Boulenger was [introduced](#) as the Head of Regulatory Affairs. As Quantum advances through its late-stage trials and moves closer to its New Drug Application (NDA) submission, it is preparing for regulatory interactions. With a background in regulatory affairs at both Sanofi and Ethypharm, Dr. Boulenger will initiate efforts for market registration for firibastat as the product completes clinical trials and is reviewed by the regulatory agencies.

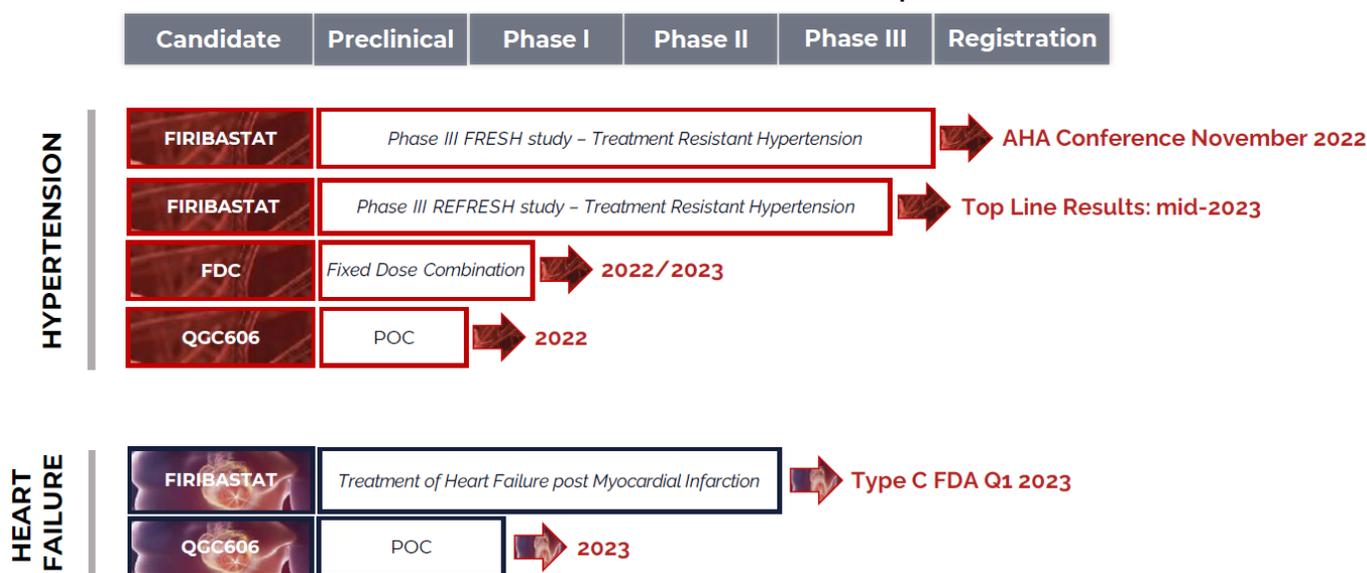
### New patents granted for QGC606

On March 28<sup>th</sup>, 2022, Quantum [reported](#) that QGC606 was granted the following patents: US 17/437,862 and AU2020235216. These two new patents protect QGC606 in the United States and Australia until March 2040, including any derivative pharmaceutical compositions, for the treatment of cardiovascular disease.

Quantum [published](#) a new scientific article regarding the efficacy of QGC606 in an experimental model of heart failure. The article titled “[QGC606, a best-in-class orally active centrally acting aminopeptidase A inhibitor prodrug, for treating heart failure following myocardial infarction](#)” appeared in the Canadian Journal of Cardiology. The research piece found that chronic oral administration of QGC606 in mice after myocardial infarction provided beneficial effects. It improved cardiac function and reduced cardiac remodeling and fibrosis, but did not reduce blood pressure, unlike ramipril.

## Clinical Pipeline

Exhibit II – Quantum Genomics Firibastat Pipeline<sup>7</sup>



## Upcoming Milestones

- [AHA Scientific Sessions](#), FRESH topline – November 7, 2022
- Preparation of Phase III protocol in heart failure – 2022
- Seeking partners in US, EU China & Japan for hypertension & heart failure – 2022/2023
- Firibastat Type C meeting for heart failure with FDA – 1Q:23
- Efficacy results for REFRESH study – June 2023
- Phase I PK study, firibastat 1x per day – 2H:23
- FDA submission of firibastat – End of year 2023
- Firibastat approval and commercialization – 2024/2025

<sup>7</sup> Source: Quantum Genomics October 2022 Corporate Presentation

## Summary

As Quantum continues to advance numerous aspects of its firibastat programs, it will soon report results from the FRESH study on November 7<sup>th</sup> at the AHA meeting in Chicago. When details are available, assuming they are positive, we expect an acceleration of efforts to identify new partners and round out global geographies with partnerships in the United States, European Union and Asia. New additions to the management team recognize the upcoming regulatory phase that Quantum will enter and experts in regulatory affairs will guide the process forward with firibastat. REFRESH continues to advance with primary efficacy endpoints expected in the middle of next year. Efforts related to the heart failure program consist of development of Phase III protocols with the FDA and a search for a partner. We add the financial results for the first half of 2022 and introduce our estimates for 2024.

Quantum is building development and commercialization partnerships around the world and is looking toward a near-term milestone that will spur further agreements. Additional opportunity remains for deals in countries such as Japan, India, North America, China and unpenetrated areas in Europe. Existing capital should fund operations until 2Q:23. We expect additional milestone funds in upcoming quarters which will further support development programs and perhaps eliminate the need for further capital raises. We maintain our valuation of €16.00 per share.

## PROJECTED FINANCIALS

### Quantum Genomics Corp. - Income Statement<sup>8</sup>

Quantum Genomics Corp.	1H A	2H A	2021 A	1H A	2H E	2022 E	2023 E	2024 E
<b>Total Revenues (€,000)</b>	€ 2,712	€ 451	€ 3,162	€ 2,913	€ 3,000	€ 5,913	€ 10,000	€ 15,555
YOY Growth	619%	-76%	40%	7%	566%	87%	69%	56%
Raw Materials & Supplies	€ 1,633	€ 114	€ 1,747	€ 0	€ 0	€ 0	€ 0	€ 0
Other Purchases & Expenses	€ 6,716	€ 9,992	€ 16,709	€ 10,603	€ 8,579	€ 19,182	€ 20,750	€ 11,500
Taxes	€ 264	€ 9	€ 273	€ 198	€ 0	€ 198	€ 40	€ 95
Wages & Salaries	€ 784	€ 726	€ 1,510	€ 889	€ 1,110	€ 1,999	€ 1,900	€ 1,900
Social Security Charges	€ 325	€ 829	€ 1,154	€ 360	€ 890	€ 1,250	€ 800	€ 800
Depreciation & Provisions	€ 100	€ 638	€ 738	€ 148	€ 200	€ 348	€ 150	€ 100
Other Expenses	€ 111	€ 108	€ 218	€ 339	€ 11	€ 350	€ 100	€ 100
<b>Income from operations</b>	<b>(€ 7,223)</b>	<b>(€ 11,964)</b>	<b>(€ 19,187)</b>	<b>(€ 9,626)</b>	<b>(€ 7,790)</b>	<b>(€ 17,415)</b>	<b>(€ 13,740)</b>	<b>€ 1,060</b>
Operating Margin	-266%	-2655%	-607%	-330%	-260%	-295%	-137%	7%
Financial Income	€ 13	€ 3	€ 16	€ 0	€ 6	€ 6	€ 10	€ 8
Financial Expenses	€ 8	€ 5	€ 13	€ 10	€ 0	€ 10	€ 0	€ 0
Exceptional Items	(€ 131)	€ 98	(€ 33)	(€ 427)	€ 0	(€ 427)	€ 0	€ 0
<b>Pre-Tax Income</b>	<b>(€ 7,349)</b>	<b>(€ 11,869)</b>	<b>(€ 19,218)</b>	<b>(€ 10,062)</b>	<b>(€ 7,784)</b>	<b>(€ 17,846)</b>	<b>(€ 13,730)</b>	<b>€ 1,068</b>
Provision for Tax	(€ 1,168)	(€ 1,493)	(€ 2,662)	(€ 1,212)	(€ 1,168)	(€ 2,380)	(€ 2,800)	(€ 2,800)
Tax Rate	15.9%	12.6%	13.9%	12.0%	15.0%	13.3%	15.0%	15.0%
<b>Net Income</b>	<b>(€ 6,180)</b>	<b>(€ 10,376)</b>	<b>(€ 16,556)</b>	<b>(€ 8,850)</b>	<b>(€ 6,616)</b>	<b>(€ 15,466)</b>	<b>(€ 10,930)</b>	<b>€ 3,868</b>
<b>Reported EPS</b>	<b>(€ 0.23)</b>	<b>(€ 0.38)</b>	<b>(€ 0.60)</b>	<b>(€ 0.26)</b>	<b>(€ 0.18)</b>	<b>(€ 0.43)</b>	<b>(€ 0.30)</b>	<b>€ 0.10</b>
Basic Shares Outstanding	26,893	27,438	27,438	34,620	36,240	36,240	37,000	38,750

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

<sup>8</sup> Historical financial statement information presents data as originally reported.

# HISTORICAL STOCK PRICE

## Quantum Genomics Corp. – Share Price Chart (€)<sup>9</sup>



<sup>9</sup> Source: barchart.com

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