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Qualigen Therapeutics, Inc. (QLGN-NASDAQ)

QLGN: Data for Pan-RAS Platform Presented at ASCO…

Based on our probability adjusted DCF model that takes into account potential future revenues from QN-302 and the pan-RAS platform, QLGN is valued at $5.00 per share. This model is highly dependent upon continued clinical success of the company's assets and will be adjusted accordingly based upon future clinical results and the

Current Price (06/14/23)	$1.01
Valuation	**$5.00**

OUTLOOK

On June 5, 2023, Qualigen Therapeutics, Inc. (QLGN) announced that a poster featuring the company's pan-RAS inhibitor program was featured at the American Society of Clinical Oncology's (ASCO) 2023 Annual Meeting. The poster described results showing that pan-RAS inhibitors produced by the company (RAS-F) work concurrently with AMG-510 and MRTX1133 (both KRAS inhibitors) to suppress tumor growth in 3D agar in a pancreatic cancer cell line. In addition, the combination of RAS-F with MRTX1133 suppressed tumor growth in a pancreatic cancer cell line that was resistant to treatment with MRTX1133.

We continue to anticipate an IND for QN-302 in mid-2023 such that a Phase 1 clinical trial can initiate in the second half of 2023.

SUMMARY DATA

52-Week High	**$6.06**
52-Week Low	**$0.87**
One-Year Return (%)	**-82.59**
Beta	**-0.45**
Average Daily Volume (sh)	**18,953**
Shares Outstanding (mil)	**5**
Market Capitalization ($mil)	**$5**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**60**
Insider Ownership (%)	**6**
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 2022 Estimate	**N/A**
P/E using 2023 Estimate	**N/A**

Risk Level	**Above Avg.**
Type of Stock	**Small-Value**
Industry	**Med-Drugs**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	0.7 A	1.4 A	1.4 A	1.4 A	5.0 A
2023	1.6 A	1.6 E	1.6 E	1.6 E	6.4 E
2024					6.5 E
2025					6.6 E

Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-$1.22 A	-$1.14 E	-$0.97 E	-$2.31 A	-$4.85 A
2023	-$0.78 A	-$0.52 E	-$0.45 E	-$0.46 E	-$2.09 E
2024					-$1.39 E
2025					-$1.29 E

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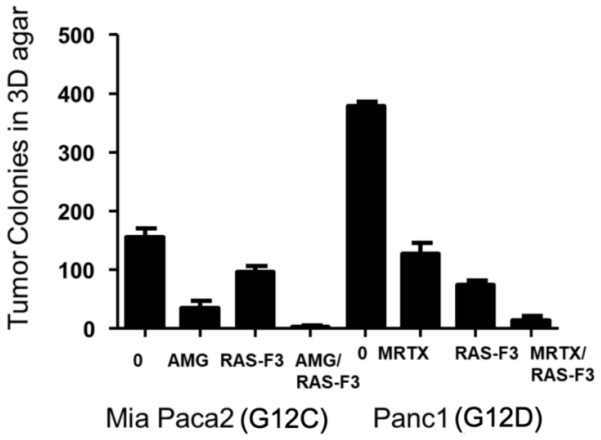
WHAT'S NEW

Business Update

Poster Highlighting Pan-RAS Inhibitor Platform Presented at ASCO

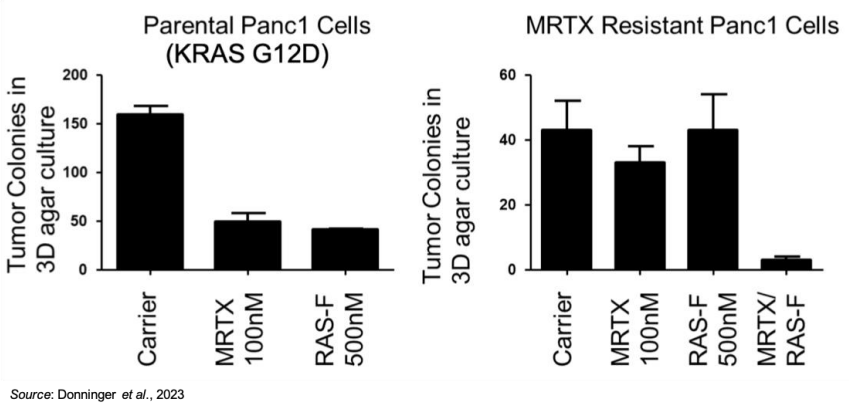
On June 5, 2023, Qualigen Therapeutics, Inc. (QLGN) announced that a poster featuring the company's pan-RAS inhibitor program was presented at the American Society of Clinical Oncology's (ASCO) 2023 Annual Meeting.

The poster highlighted the concurrent administration of the pan-RAS inhibitor molecules (RAS-F) with AMG-510 (sotorasib, a G12C specific inhibitor) and MRTX1133 (G12D specific inhibitor). The following image shows the number of tumor colonies grown in agar for two different pancreatic cancer cell lines, Paca2 (G12C) and Panc1 (G12D), in the presence of AMG-510, MRTX1133, RAS-F, or in combination of RAS-F with either AMG-510 or MRTX1133. The combination of RAS-F with either AMG-510 or MRTX1133 leads to a suppression of tumor growth that is greater than the compounds can do on their own.



Source: Donninger *et al.*, 2023

The company used a pancreatic cancer cell line (Panc1) to generate a MRTX1133 resistant cell line. The following image on the left shows that the parental cell line is susceptible to treatment with both MRTX1133 or RAS-F. The image on the right shows the resistant cell line is not susceptible to treatment with either MRTX1133 or RAS-F, however combination treatment with both compounds results in tumor growth inhibition.



Source: Donninger *et al.*, 2023

Financial Update

On May 16, 2023, Qualigen announced financial results for the first quarter of 2023. The company reported $1.6 million in revenues for the first quarter of 2023, compared to $0.7 million for the three months ending March 31, 2022. This represented a 123% year-over-year increase. The increase was primarily due to the termination of the distribution agreement with Sekisui Diagnostics resulting in, which resulted in the company recognizing 100% of the revenue from sales of FastPack diagnostic kits. Cost of product sales increased during the current quarter to $1.3 million, or 79% of net product sales, compared to approximately $0.8 million, or 115% of net product sales, for the three months ending March 31, 2022. The increase was due to increased sales and manufacturing inefficiencies from material shortages during the current quarter.

R&D expenses were $2.1 million for the first quarter of 2023 compared to $1.9 million for the three months ending March 31, 2022. Of the $2.1 million in R&D costs in the current quarter, $1.3 million (60%) was due to therapeutics and $0.8 million (40%) was due to diagnostics. Of the $1.9 million in R&D costs in the first quarter of 2022, $1.6 million (84%) was due to therapeutics and $0.3 million (16%) was due to diagnostics. The increase in diagnostics R&D costs in the current quarter was due to the acquisition of NanoSynex. The decrease in therapeutics R&D costs was primarily due to decreased preclinical costs for QN-247, decreased stock-based compensation, decreased expenses for RAS, partially offset by increased expenses for QN-302. G&A expenses in the first quarter of 2023 were $1.7 million compared to $2.9 million for the first quarter of 2022. The decrease was primarily due to decreased stock-based expenses, insurance expenses, and legal expenses.

As of March 31, 2023, Qualigen had approximately $4.4 million in cash and cash equivalents. We estimate the company has sufficient capital to fund operations into the third quarter of 2023. As of May 11, 2023, Qualigen had approximately 5.1 million shares outstanding and, when factoring in stock options and warrants, a fully diluted share count of approximately 9.9 million.

Conclusion

The company continues to advance the Pan-RAS program and the results presented at ASCO are very encouraging in regards to treatment with other KRAS-inhibitor compounds. We continue to anticipate the company filing an IND for QN-302 in mid-2023 such that a Phase 1 clinical trial can initiate in the second half of 2023. Our valuation remains at $5 per share.

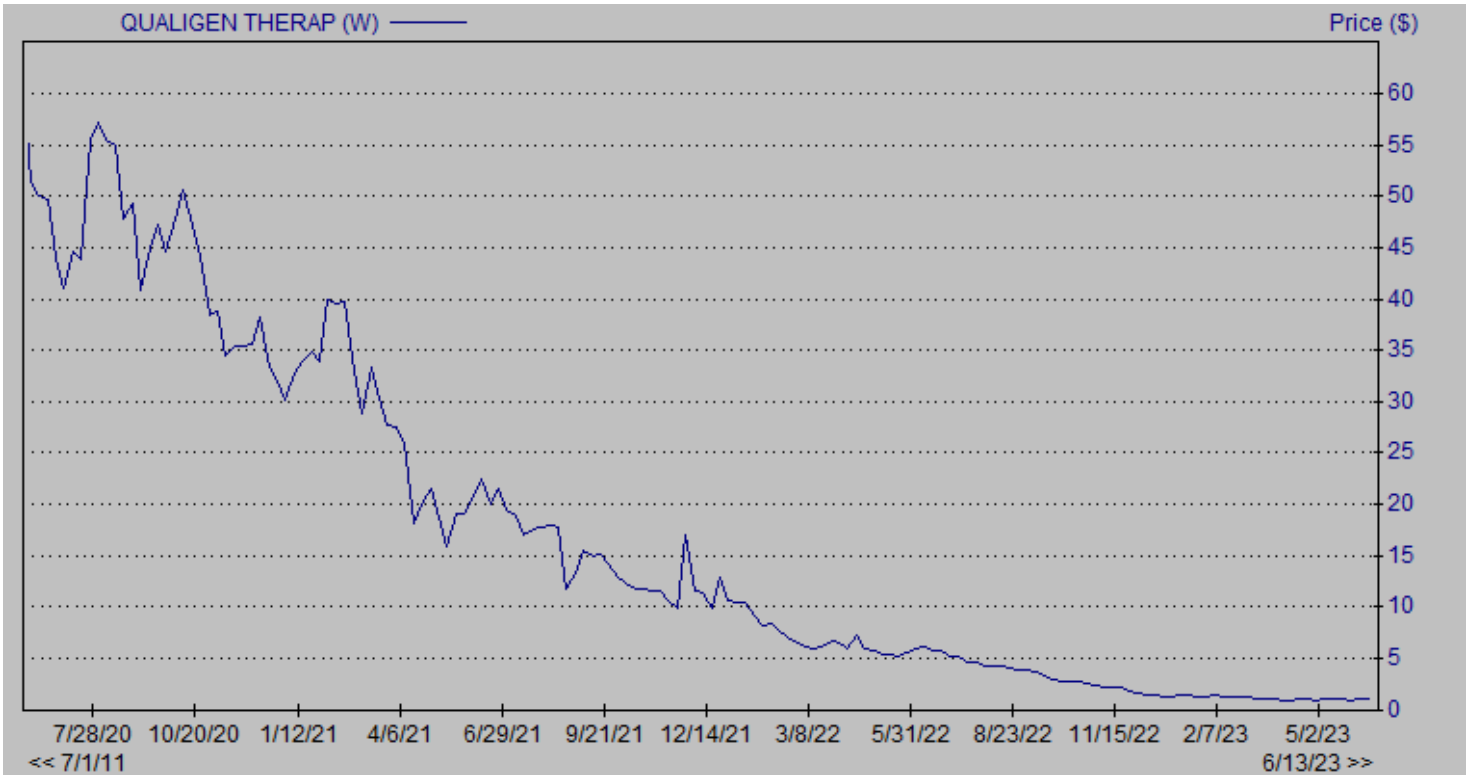
PROJECTED FINANCIALS

Qualigen Therapeutics, Inc.	2022 E	Q1 A	Q2 E	Q3 E	Q4 E	2023 E	2024 E	2025 E
QN-302	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
QN-247	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
RAS	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
FastPack	$5.0	$1.6	$1.6	$1.6	$1.6	$6.4	$6.5	$6.6
Other Income	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenues	**$5.0**	**$1.6**	**$1.6**	**$1.6**	**$1.6**	**$6.4**	**$6.5**	**$6.6**
Cost of Sales	$4.3	$1.3	$1.1	$1.2	$1.3	$4.9	$5.4	$5.4
Product Gross Margin	*14%*	*21%*	*29%*	*26%*	*20%*	*24%*	*17%*	*18%*
Research & Development	$6.8	$2.1	$1.9	$2.1	$2.1	$8.2	$9.0	$10.0
Selling and Marketing	$1.0	$0.2	$0.3	$0.3	$0.3	$0.9	$1.1	$1.1
General & Administrative	$10.8	$1.7	$2.7	$2.8	$2.8	$10.0	$11.3	$11.8
Other (Income) Expense	$4.2	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($22.2)	($3.7)	($4.4)	($4.7)	($4.8)	($17.6)	($20.3)	($21.7)
Operating Margin	-	-	-	-	-	-	-	-
Non-Operating Expenses (Net)	($0.9)	$0.6	$0.0	$0.0	$0.0	$0.6	$0.0	$0.0
Pre-Tax Income	($21.3)	($4.3)	($4.4)	($4.7)	($4.8)	($18.2)	($20.3)	($21.7)
Income Taxes	($0.3)	($0.2)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	**($21.0)**	**($4.1)**	**($4.4)**	**($4.7)**	**($4.8)**	**($18.2)**	**($20.3)**	**($21.7)**
Net Margin	-	-	-	-	-	-	-	-
Net loss attributable to noncontrolling interest	($2.4)	($0.3)	($0.2)	($0.2)	($0.2)	($0.9)	($1.0)	($1.0)
Net loss attributable to Qualigen Therapeutics, Inc.	($18.6)	($3.8)	($4.2)	($4.5)	($4.6)	($17.2)	($19.3)	($20.7)
Reported EPS	**($4.85)**	**($0.78)**	**($0.52)**	**($0.45)**	**($0.46)**	**($2.09)**	**($1.38)**	**($1.29)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	3.8	5.0	8.0	10.0	10.0	8.2	14.0	16.0

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

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HISTORICAL STOCK PRICE



Source: Zacks Small Cap Research

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