

Quantum Genomics Secured New Financing, Published its Financial Statements for Fiscal Year 2019 and Provides 2019 Highlights

- Despite the current public health crisis and any financial consequences it may have, the fact that Quantum Genomics has secured new financing confirms that investors remain confident in its outlook.
 - This round of financing, which includes a loan not to exceed €8 million and the issue of share subscription warrants, was secured as part of an agreement with Negma Group Ltd, dated March 26, 2020.
 - This financing will be renewable two times, by mutual consent between Quantum Genomics and Negma Group Ltd, and will provide Quantum Genomics with a maximum of €24 million.
 - This marks the end of guaranteed structured equity financing from Kepler Cheuvreux.
- Review of Fiscal Year 2019
 - Continued clinical research and launch of Phase III for difficult-to-treat and resistant arterial hypertension.
 - First regional partnership signed with a leading laboratory in South America.

Quantum Genomics (Euronext Growth - FR0011648971 - ALQGC), a biopharmaceutical company specializing in developing a new drug class that directly targets the brain to treat difficult-to-treat and resistant hypertension and heart failure, announces the implementation of a financing solution to secure the successful completion of ongoing clinical studies that has become uncertain and has published its annual financial statements, approved by the board of directors at its last meeting on March 25, 2020.

Jean-Philippe Milon, CEO of Quantum Genomics, states:

“Throughout fiscal year 2019, Quantum Genomics has continued to pursue research projects, with two major highlights: the transition to Phase III of our pivotal study on difficult-to-treat and resistant arterial hypertension in December, and the conclusion of an exclusive licensing agreement with Biolab Sanus Pharmaceutical to develop and distribute firibastat to treat arterial hypertension in Latin America. As previously mentioned, this initial partnership will open the door to new contracts. We are currently in negotiations with several other laboratories, especially in Asia. Despite the ongoing public health crisis, talks will continue, though any final decision may be postponed. In order to protect our research programs and ensure their continuation, regardless of the long-term consequences of the current crisis, we have secured additional financial resources.”

Securing Financing

Given the current public health crisis, and in order to prepare for its financial consequences, Quantum Genomics (the “Company”) has secured new financing thanks to an agreement with Negma Group Ltd, dated March 26, 2020. This agreement will provide a maximum of €8 million initially, renewable twice, by mutual consent between the Company and Negma Group Ltd, for a maximum total of €24 million.

Benoît Gueugnon, CFO, explains:

“Although our financial situation allows us to meet our commitments over 12 months, we prefer to adopt a prudent position by securing a maximum of €24 million in the form of loans with share warrants. This will allow us to guarantee that our research programs will continue. This highlights Quantum Genomics’ reliability and attractiveness for financial investors, despite a difficult context. The conditions obtained will limit both the dilutive effect and the impact of stock market volatility. In the current context, it seems reasonable to secure our resources as much as possible, especially since this financing can be interrupted at any time, notably at the Company’s request, if the overall situation returns to normal. Management and the board of directors of Quantum Genomics have chosen this course of action to ensure the continuity of our activities.”

Transaction Characteristics

The financing agreement reached with Negma Group Ltd for a total amount not to exceed €8,000,000 includes a loan (the “Loan”) whose main terms are as follows:

- The Loan will not bear interest.
- The Loan will be distributed in four installments of €2,000,000 each, transferred every 30 trading days (except when this period is automatically extended in certain instances as laid out in the agreement, or when the Company decides to notify Negma Group Ltd that it would like to suspend payments).
- Each Loan installment has a 12-month maturity.
- 5,000,000 share subscription warrants will be issued by the Company the day the first installment is received, which should be in the next few days, given Resolution 18 from the Company’s general meeting on June 27, 2019. Additional share subscription warrants may be issued by the Company, at its discretion, to Negma Group Ltd if the initial issue is not enough to cover the Loan.
- Loan installments will be repaid by offsetting them with share subscription warrants exercised at the price Negma Group Ltd has agreed to pay, up to €8,000,000 (except in the case that the financing agreement is renewed). As a result, any excess warrants may not be converted by Negma Group Ltd after the entirety of the Loan has been repaid, since any shares created to cover warrants may only be issued to offset all or part of the Loan effectively distributed, but not yet repaid.
- The exercise price for the warrants will be equal to 96% of the lowest average stock price weighted by share volume for the Company’s shares, as published by Bloomberg, across the last five trading sessions during which Negma Group Ltd has not traded Quantum Genomics shares, i.e. at a 4% discount.
- Quantum Genomics SA will have the option to repay the Loan early, in whole or in part, at its nominal value plus a 4% premium.
- Until the end of the term of the financing agreement, Negma Group Ltd will not be allowed to more than 16% of the total value of exercised Quantum Genomics shares sell on the market for a period of 20 consecutive trading days.
- To pay a portion of Negma Group Ltd’s commitment commission, the Company has issued 2,702 shares to Negma Group Ltd. These shares were issued at an issue price of €1.85 per share based on Resolution 18 from the Company’s general meeting on June 27, 2019.
- Both parties have agreed that the financing agreement may be renewed two times under the same conditions by mutual consent.
- The Investor does not intend to retain a permanent stake in the Company.

Dilutive Effect

For information purposes, if all 5,000,000 warrants issued to Negma Group Ltd are converted, a shareholder owning 1.00% of Quantum Genomics' share capital before this financing solution will see their stake reduced to 0.79% of the Company's share capital (based on the Company's €7,443,643.93 in share capital, currently divided into 18,617,524 shares).

Prospectus

This transaction did not include the publication of a prospectus submitted for approval to the AMF.

Quantum Genomics' advisors for this transaction:

Financial advisor: Scalene Partners (www.scalenepartners.com) – Simon Eischen, Samuel Assaraf

Legal advisor: Orsay Avocats (www.orsaylaw.com) – Frédéric Lerner, Pierre Hesnault

Review of Fiscal Year 2019: Significant Events

Fiscal year 2019 saw our research programs on arterial hypertension enter Phase III, as well as the creation of our first regional partnership with Biolab Sanus Pharmaceutical, one of the five largest pharmaceutical laboratories in Brazil. This exclusive licensing and collaboration agreement aims to develop and distribute firibastat in Latin America. With more than 140 products in their portfolio and a strong focus on hypertension, Biolab Sanus Pharmaceutical is the ideal partner in this market.

Also **in relation to arterial hypertension**, Quantum Genomics launched its pivotal Phase III study, named FRESH (Firibastat in treatment-RESistant Hypertension). This is the last stage to complete before firibastat can be put on the market. The first patients will be recruited for the study soon, and the study's first effectiveness results are expected in the second half of 2021. This study is being conducted in partnership with the Biolab Sanus Pharmaceutical laboratory, which will cover any costs related to recruiting patients in Latin America, roughly 20% of the 500 patients in the study.

In terms of heart failure, in June, Quantum Genomics recruited its first patients for the Phase IIb QUORUM study, which aims to measure firibastat's effectiveness and tolerance to ramipril¹ in patients after an acute myocardial infarction. This multi-national study will be conducted in around forty clinical centers, with results expected in the second half of 2020.

Quantum Genomics is running a parallel study to confirm that firibastat can be used to treat arterial hypertension (especially resistant hypertension) or heart failure, even in cases with associated renal failure.

2019 Annual Financial Statements and Cash Position

The financial statements for fiscal year 2019 show -€10.8 million in operating income, compared to -€13.6 million a year earlier due to lower spending related to the end of the Phase IIb NEW-HOPE study. After including the research tax credit, worth €1.5 million, net income stood at -€9.1 million, compared to -€12.0 million the previous year.

Free cash flow (net cash from operating activities) was -€10.7 million during this period.

At the end of December 2019, the Company had €10.2 million in equity, plus €0.7 million in other equity (subsidized loans from Bpifrance). The Company has no financial liabilities and available cash flow reached €11.2 million, compared to €14.8 million at December 31, 2018.

¹ Ramipril is an ACE (Angiotensin-Converting Enzyme) inhibitor, the standard treatment for heart failure, including for patients who develop heart failure after an acute myocardial infarction

Financial Summary at December 31, 2019:

Figures in thousands of € (French standards)	12/31/2019	12/31/2018
Revenue	361.1	71.3
<i>Personnel costs</i>	<i>(2,775.6)</i>	<i>(2,402.6)</i>
<i>Other operating expenses</i>	<i>(8,345.5)</i>	<i>(11,266.7)</i>
Operating income	(10,760.0)	(13,598.1)
Financial income (expense)	11.0	104.0
Earnings before tax	(10,749.1)	(13,494.1)
Non-recurring income (expense)	123.4	45.7
Research tax credit	1,547.2	1,458.4
Net income	(9,078.4)	(11,990.1)

Publication of the Annual Financial Report

The annual financial report, including financial statements at December 31, 2019, the management report and statutory auditors report are available on the Company's website:

www.quantum-genomics.com.

End of Guaranteed Structured Equity Financing from Kepler Cheuvreux

Quantum Genomics secured equity financing in March 2018 with Kepler Cheuvreux. The last drawdown was executed in March 2020, creating 110,000 shares. In total, this line of financing allowed the Company to raise €24 million to finance its research programs on difficult-to-treat and resistant arterial hypertension and heart failure.

Quantum Genomics is a biopharmaceutical company specializing in the development of a new class of cardiovascular medications based on brain aminopeptidase A inhibition (BAPAI). Quantum Genomics is the only company in the world exploring this innovative approach that directly targets the brain. The company relies on 20 years of academic research from the Paris-Descartes University and the laboratory directed by Dr. Catherine Llorens-Cortes at the Collège de France (French National Institute of Health and Medical Research (INSERM)/ the Scientific Centre for National Research (CNRS)). The goal of Quantum Genomics is to develop innovative treatments for complicated, or even resistant, cases of hypertension (around 30% of patients have poor control of their condition or receive ineffective treatment) and for heart failure (one in two patients diagnosed with severe heart failure dies within five years).



Based in Paris and New York, Quantum Genomics is listed on the Euronext Growth exchange in Paris (FR0011648971- ALQGC) and trades on the OTCQX Best Market in the United States (symbol: QNNTF) For more information, please visit www.quantum-genomics.com, or follow us on [Twitter](#) and



Contacts

Quantum Genomics

Jean-Philippe Milon
CEO
jean-philippe.milon@quantum-genomics.com

Benoît Gueugnon
CFO
benoit.gueugnon@quantum-genomics.com

So Bang (Europe)

Nathalie Boumendil
Financial Communications
+33 (0)6 85 82 41 95 | nathalie@so-bang.fr

Samuel Beaupain
Media Relations and Scientific Communications
+33 (0)6 88 48 48 02 | samuel@so-bang.fr

LifeSci (USA)

Dan Ferry
Financial Communications
+1 (617) 535-7746 | Daniel@lifesciadvisors.com

Mike Tattory
Media Relations and Scientific Communications
+1 (609) 802-6265 | mtattory@lifescipublicrelations.com