

# Quantum Genomics

H122 update

## Steady sailing as FRESH readout approaches

Pharma and biotech

5 October 2022

Quantum Genomics' H122 results showed the company is on steady footing as it approaches a key inflection point. Top-line data from the Phase III FRESH study, investigating the use of firibastat in treatment-resistant hypertension (TRH), is expected to be presented at the American Heart Association (AHA) annual meeting on 7 November and, if positive, we expect data could form the basis of a global licensing deal. In H122, the company reported total revenues of €4.1m (including a €1.2m R&D tax credit), in line with our expectations. Lower total operating costs of €12.5m have led us to trim our FY22 loss before tax to €17.1m from €20.2m. With a net cash position at end-June 2022 of €16.5m, we see the company as funded to Q223, past key results from the FRESH trial and with time to negotiate a licensing deal. We value Quantum Genomics at €728.8m or €21.1 per share (previously €701.3m or €20.3 per share).

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/20	3.98	(14.66)	(0.72)	0.0	N/A	N/A
12/21	6.16	(15.37)	(0.58)	0.0	N/A	N/A
12/22e	8.25	(17.13)	(0.53)	0.0	N/A	N/A
12/23e	54.91	33.84	0.97	0.0	3.0	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

### Major catalyst: FRESH top-line data

As a reminder, firibastat is in two Phase III trials for TRH (FRESH and REFRESH). Final data from the FRESH trial, expected to be presented at the AHA annual meeting on 7 November, will demonstrate whether firibastat can reduce blood pressure in TRH patients after 12 weeks of treatment. We expect a greater than 5mmHg reduction in blood pressure and a clean safety profile as a meaningful result in FRESH. Long-term data from the REFRESH trial (expected mid-2023) will be important in solidifying firibastat's potential clinical utility.

### Funded past FRESH readout

Given the clear unmet medical need in TRH, the data from FRESH, in our view, could provide the basis of a global licensing deal for firibastat. With net cash of €16.5m at end-H122, we see the company as funded well past the FRESH data readout, giving management considerable time in which to negotiate a licensing deal for firibastat. Considering H122 results, we have reduced our forecast loss before tax to €17.1m from €20.2m, largely due to a reduction in personnel expenses.

### Valuation: €728.8m or €21.1 per share

We value Quantum Genomics at €728.8m or €21.1 per share (previously €701.3m or €20.3 per share). We have rolled our model forward and updated it for FX changes. We note the potential for considerable value uplift should FRESH data prove positive and will revisit our assumptions when these are reported. Our valuation reflects a net cash position of €16.5m at end-June 2022.

**Price** €2.95  
**Market cap** €102m

€1.00/US\$

Net cash (€m) at 30 June 2022 16.5

Shares in issue 34.6m

Free float 90%

Code ALQGC

Primary exchange Euronext Paris

Secondary exchange N/A

### Share price performance



54 % 1m 3m 12m

Abs 11.6 52.7 (39.5)

Rel (local) 14.5 51.3 (33.9)

52-week high/low €4.89 €1.56

### Business description

Quantum Genomics is focused on the research and development of novel cardiovascular medicines. Lead asset firibastat is in two Phase III trials for the treatment of TRH and is also being investigated to treat post-MI HF. Readouts from the TRH programme, expected in Q422 and mid-2023, represent the most significant near-term catalysts.

### Next events

Top-line FRESH 7 November 2022

Phase III data

Top-line REFRESH Mid-2023

Phase III data

### Analysts

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**Exhibit 1: Financial summary**

Accounts: IFRS, Yr end: December 31, €:000s	2019	2020	2021	2022e	2023e
<b>PROFIT &amp; LOSS</b>					
Total revenues	1,547	3,977	6,157	8,250	54,912
Cost of sales	0	0	0	0	0
Gross profit	1,547	3,977	6,157	8,250	54,912
Total operating expenses	(11,420)	(18,661)	(23,251)	(26,933)	(22,613)
Research and development expenses	(4,861)	(10,003)	(13,548)	(21,000)	(17,000)
SG&A	0	0	0	0	0
EBITDA (normalized)	(8,861)	(13,067)	(14,883)	(16,820)	34,125
Operating income (reported)	(9,873)	(14,684)	(17,094)	(18,683)	32,300
Finance income/(expense)	(13)	(1,457)	(95)	(19)	(33)
Exceptionals and adjustments	859	1,480	1,821	1,568	1,568
Profit before tax (reported)	(9,886)	(16,141)	(17,189)	(18,702)	32,267
Profit before tax (normalised)	(9,027)	(14,661)	(15,368)	(17,134)	33,835
Income tax expense (includes exceptionals)	0	(83)	(170)	(170)	(170)
Net income (reported)	(9,886)	(16,224)	(17,359)	(18,872)	32,097
Net income (normalised)	(9,027)	(14,744)	(15,538)	(17,304)	33,665
Basic average number of shares, m	16.8	20.4	27.0	32.7	34.6
Basic EPS (€)	(0.59)	(0.79)	(0.64)	(0.58)	0.93
Adjusted EPS (€)	(0.54)	(0.72)	(0.58)	(0.53)	0.97
Dividend per share (€)	0.00	0.00	0.00	0.00	0.00
<b>BALANCE SHEET</b>					
Tangible assets	27.0	27.0	30.0	32.0	35.4
Intangible assets	360.0	760.0	537.0	411.0	411.0
Right-of-use assets	275.0	154.0	412.0	324.9	250.2
Other non-current assets	38.0	32.0	32.0	32.3	32.3
Total non-current assets	700	973	1,011	800	729
Cash and equivalents	11,164	27,153	13,552	8,501	42,309
Contract assets	0	0	684	1,135	1,135
Trade and other receivables	0	740	12	3,344	3,344
Current non-financial assets	2,711	3,650	5,727	5,044	5,044
Other current assets	204	285	257	0	0
Total current assets	14,079	31,828	20,232	18,024	51,832
Non-current loans and borrowings	490	470	2,882	2,582	2,282
Long-term rental debt	159	29	290	290	290
Provisions for pensions and similar	367	376	441	441	441
Other non-current liabilities	33.00	0.00	96.00	0.00	0.00
Total non-current liabilities	1,049	875	3,709	3,313	3,013
Accounts payable	3,353	5,921	6,746	5,894	5,894
Current loans and borrowing	204	252	163	0	0
Short-term rental debt	133	133	125	0	0
Contract liabilities	0	200	125	0	0
Other current liabilities	634	766	708	516	516
Total current liabilities	4,324	7,272	7,867	6,410	6,410
Equity attributable to company	9,406	24,654	9,667	9,101	43,138
<b>CASH FLOW STATEMENT</b>					
Operating income	(9,873)	(14,684)	(17,094)	(18,683)	32,300
Depreciation and amortisation	153	137	390	295	257
Share based payments	859	1,480	1,568	1,568	1,568
Other adjustments	44	(19)	(314)	0	0
Movements in working capital	(1,611)	1,093	(1,567)	(4,635)	0
Cash from operations (CFO)	(10,428)	(11,993)	(17,017)	(21,455)	34,125
Capex	(45)	(411)	(15)	(16)	(17)
Acquisitions & disposals net	0	0	(30)	0	0
Other investing activities	0	6	0	0	0
Cash used in investing activities (CFIA)	(45)	(405)	(45)	(16)	(17)
Capital changes	7,381	28,501	846	16,720	0
Debt Changes	(462)	(108)	2,620	(300)	(300)
Interest paid	(7)	(6)	(5)	0	0
Other financing activities	0	0	0	0	0
Cash from financing activities (CFF)	6,912	28,387	3,461	16,420	(300)
Cash and equivalents at beginning of period	14,725	11,164	27,153	13,552	8,501
Increase/(decrease) in cash and equivalents	(3,561)	15,989	(13,601)	(5,051)	33,808
Effect of FX on cash and equivalents	0	0	0	0	0
Cash and equivalents at end of period	11,164	27,153	13,552	8,501	42,309
Net (debt)/cash	10,178	26,269	10,092	5,629	39,737

Source: Quantum Genomic company accounts, Edison Investment Research

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