Quantum Genomics

LIONEL SÉGARD
Chairman & Chief Executive Officer

Dear shareholders and friends of Quantum Genomics,

We are pleased to direct your attention to this 2nd edition of our letter to shareholders to review key events and recent developments at Quantum Genomics. Since publishing our 1st letter in June, we have announced significant progress across several of our research programmes for cardiovascular diseases.

Within our QGC101 programme for heart failure, at the end of June 2016 we initiated our first phase IIa study in humans through the opening of the first three European trial sites, in France (Louis Pradel hospital in Lyon and Laennec hospital in Nantes) and in Norway (Stavanger hospital). The expansion of our trial sites has progressed well, and since September we have opened three additional complexes, two in the Netherlands (University medical centre of Groningen and the Maastricht University medical centre) and a third in France (Charles Nicolle hospital in Rouen).

This Pan-European randomized, double-blind study, called QUID HF (QUantum genomics Incremental Dosing in Heart Failure) plans to enroll 75 patients at approximately 10 university medical centres in 6 countries. The QGC101 programme, based on the BAPAI therapeutic platform, represents a strong growth engine for our company, with major market potential based on the severity of this disease and the obvious need for new therapeutic options. We expect to finalise this study in the fourth quarter of 2017.

Remaining on the topic of heart failure, but this time in animal health, we have announced the extension of our cooperation agreement with our partner, a world leader in veterinary medicine. Our objective is to better address the challenges associated with heart failure in dogs.

In hypertension, at the end of September we announced the first positive results for the phase IIa study of our QGC001 candidate, of which details will be given about the proceedings on page 3 of this letter. These results pave the way for setting up a new phase II study in 2017 in the United States, for which we are already in communication with the *Food & Drug Administration* (FDA). Other targeted clinical trials in Asia and Europe are under consideration as well.

In this regard, we remain highly confident for the coming months. Our solid financial position reinforced by a capital increase of €8.6 M in the first quarter of 2016, has enabled us to pursue the development of our drug candidates according to schedule.

During our next phase II trials, our objective is to lead to the signing of a licensing or a partnership agreement with the best possible partner to ensure the optimal advancement of the clinical development and the marketing of our drug candidates. Various options are possible, such as setting up a global partnership or signing an agreement for a specific region of the world, such as Asia, allowing us to retain the rights for Europe and North America.

On behalf of the entire team at Quantum Genomics, I thank you for your trust and continued support for our company as we advance development of our lead drug candidates in heart failure and hypertension.

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INITIATION OF A JOINT LABORATORY WITH INSERM

On September 22nd, Quantum Genomics officially inaugurated, within the prestigious Collège de France, its joint research unit with INSERM (French National Institute of Health and Medical Research), with the support of ANR (French National Agency for Research).

This public/private research unit, called CARDIOBAPAI, is managed by Dr. Catherine LLORENS-CORTES, head of the research unit at the INSERM, whose work led to Brain Aminopeptidase A Inhibitors (BAPAIs), on which the therapeutic platform of Quantum Genomics is based.

The mission of CARDIOBAPAI is to conduct a cross-cutting research on BAPAIs, ranging from the actual molecule to clinical trials, for creating and developing new candidate drugs. Dr. LLORENS-CORTES' works are more specifically oriented on the in-depth study of the mechanism of action of Aminopeptidase A Inhibitors, the study of their combination with other anti-hypertensive agents, and the discovery of new molecules and research for new indications, such as heart failure.

At the Collège de France, CARDIOBAPAI brings together researchers, post-doctoral fellows and doctoral students of the "Neuropeptides Centraux et Régulations Hydrique et Cardiovasculaire" research unit of INSERM managed by Dr. LLORENS-CORTES, with several collaborators from the Quantum Genomics research team. Thus, it brings together in one place, computational chemists, molecular biologists, biochemists, chemists and pharmacologists/ physiologists. In total, CARDIOBAPAI combines the expertise of 14 scientists including 4 fellow scientists of Quantum Genomics.

PORTRAIT OF DOCTOR

DR. CATHERINE LLORENS-CORTES

Head of the CARDIOBAPAI joint laboratory

Dr. Catherine LLORENS-CORTES, doctor of neurobiology, is head of the research unit at INSERM where she is currently directing the "Neuropeptides Centraux et Régulation Hydrique et Cardiovasculaire" team at the Collège de France (Inserm U1050/CIRB-CNRS UMR 7241).

Her 20 years of fundamental research led to the development of Quantum Genomics' therapeutic platform. This research unit is associated with Quantum Genomics through a joint public/private research unit, called CARDIOBAPAI (read above).

Throughout her career, Dr. LLORENS-CORTES has identified the therapeutic potential of several molecules which were subsequently patented. Furthermore, she largely contributed in the discovery of an enzyme involved in the inactivation of enkephalins. This important result has served to develop a new molecule

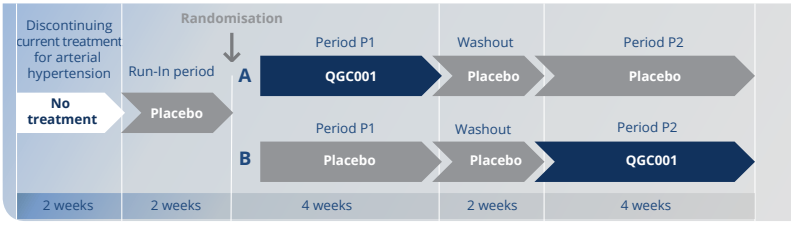
PROCEEDINGS OF THE PHASE IIA CLINICAL TRIAL IN HYPERTENSION

At the end of September, we announced positive results for the phase IIa trial in hypertension of drug candidate QGC001. Many of you have asked for more detail about the proceedings of this study conducted between the beginning of 2015 and the middle of 2016 at four clinical research centres in France, called "Centers of excellence" by the European Society for Hypertension (ESH): the Georges Pompidou European hospital in Paris, the Croix Rousse hospital in Lyon, the Cardiology Hospital of Lille and the Arthur Gardiner hospital in Dinard.

This randomized, double-blind cross-over study focused on a total of 34 grade I moderate (Systolic pressure: > 140 and ≤ 159 mmHg – Diastolic pressure > 90 and ≤ 99 mmHg) and grade II (Systolic pressure: > 160 mmHg and ≤ 179 mmHg - Diastolic pressure > 100 mmHg and ≤ 109 mmHg) hypertensive patients.

The safety settings were evaluated based on signs, symptoms and laboratory tests at each visit. The pharmacokinetic parameters were measured twice during each of the two treatment periods (P1 and P2).

Here is the diagram of the trial design and progress:



Last, efficiency tests focused on 24-hour ambulatory blood pressure measurement (ABPM), home blood pressure measurement (HBPM), office blood pressure measurement (OBPM) and hormonal measurement of several biomarkers, with the primary endpoint measuring the drop in daytime ambulatory systolic blood pressure.

The resulting data showed positive signals over several parameters of the study, particularly on the main indicator (primary endpoint), the drop in daytime systolic blood pressure measured as ambulatory pressure in hypertensive patients. The full results will be disclosed during a major medical congress, probably at the next congress of the European Society for Hypertension, which will be held in Milan in June 2017.

of major pharmaceutical interest Thiorphan®, now used as an antidiarrheal agent, indicated for children and babies for whom Imodium® is prohibited. These works earned her the Fondation de la Recherche Médicale award in 1981.

In 1991, she joined Pr. Pierre CORVOL's INSERM unit where she established a research group as an interface between neuroscience and cardiovascular science, which became in 2005, an entity in its own right at INSERM called "Neuropeptides Centraux et Régulation Hydrique et Cardiovasculaire" (U691), which she currently directs.

She led fundamental top-level research which helped lead to potentially major therapeutic advances in the cardiovascular field, particularly the key role of angiotensin III at brain level for the control of blood pressure and the identification of the enzyme, aminopeptidase A, responsible for its production. She also participated in the development of the first specific and selective inhibitors of this enzyme, EC33 and its prodrug RB150 which was renamed QGC001 by Quantum Genomics.

These research works further consist in the base of the innovative therapeutic platform developed by Quantum Genomics through a new class of molecules, acting at the cerebral level, called Brain Aminopeptidase A Inhibitors (BAPAIs) for treating arterial hypertension and preventing associated cardiovascular risk such as hearth failure.

Among the many awards attributed to her throughout her career for her research works, Dr. LLORENS-CORTES was also awarded the prestigious Prix Galien France, in the research section in December 2014, for the 45th edition of this international prize, which came as a culmination of her rich academic career.

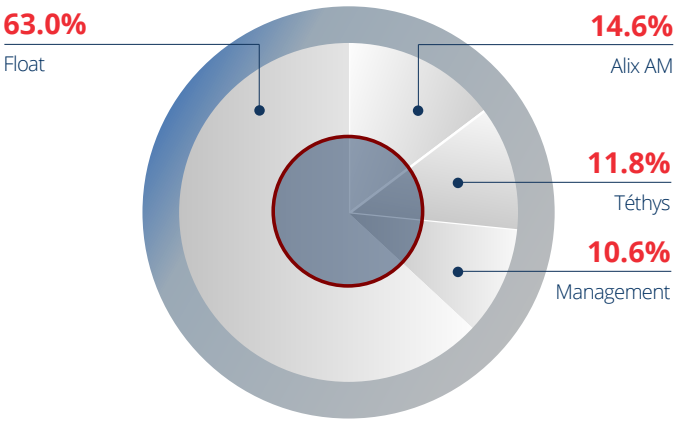
SHAREHOLDER GUIDE

Stock market data

Share price on 31 october 2016
6.28 euros

Number of shares: **8,390,811**

Market capitalisation: **52.69 million euros**



Stock Information

Market: Alternext Paris
Ticker: ALQGC
ISN Code: FR0011648971
Reuters Code: ALQGC.PA
Bloomberg Code : ALQGC:FP

AGENDA END OF 2016	
16 & 17 November 2016	Jefferies Healthcare Conference (London - England)
18 & 19 November 2016	Actionaria Individual sharehoders event (Paris - France)
30 November & 1er December 2016	Midcap Event (Geneva - Switzerland)
6 december 2016	SFAF (French Society of Financial Analysts) Midcap Day (Paris – France)

Press reviews & financial analysts

Invest Securities, 11 October 2016: "A well-initiated first part. Following initial discussions with the FDA and considering the safety of the product, the company should be able to launch a new phase II in the US market in 2017."

Interview La Bourse & la Vie, 6 October 2016: Marc Karako, Vice-President of Finance: "We are hoping to establish a partnership prior to the phase III study (...) We are in contact with quite a few laboratories."

Aurgalys, 5 October 2016: "QGC001 could have the potential of a blockbuster (peak sales estimated at 2.6 billion Euros) and may be of interest to major pharmaceutical actors" – target price raised to €17.51.

Investir, 30 September 2016: The biotech share price which we selected as stock worth discovering in our September 24 issue, to speculate on the announcement of phase II clinical outcomes, has soared by 32% since this date".

Contact us

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