



**INTERIM FINANCIAL REPORT
HALF-YEAR 2021
Business Report
Financial statements at 30 June 2021
Appendix to the half-year accounts
Statutory auditor's report**

Quantum Genomics
Société Anonyme (public limited company)
With a registered capital of 10,934,371.16 euros
Registered office: 33 rue Marbeuf – 75008 Paris
487 996 647 Paris. Trade & Company register

1. BUSINESS AND HIGHLIGHTS IN THE FIRST HALF OF 2021

In the first half of 2021, Quantum Genomics (hereafter referred to as the “**Company**”) completed a number of important new milestones in its research programmes, by finalising its phase IIb QUORUM study into cardiac insufficiency, the results of which were announced during the ESC Congress (European Society of Cardiology) on 27 August 2021 and by continuing its phase III development plan in the field of resistant and difficult-to-treat high blood pressure with the FRESH and REFRESH studies.

1.1 Economic and scientific progress

In January 2021, the Company announced the launch of the REFRESH trial, phase III Pivotal study into the treatment of resistant and difficult-to-treat high blood pressure with a single daily intake of firibastat. This new study is part of the firibastat phase III clinical programme with the objective of demonstrating the long-term safety of the product and its efficacy at 3 months with a single daily intake of 1000 mg.

In February 2021, Orient EuroPharma (OEP) acquired a holding in the Company. In September 2020, OEP and the Company announced the signature of an exclusive licensing and collaboration agreement for firibastat in Southeast Asia, Australia and New Zealand. Following on from this agreement, OEP has acquired a minority shareholding in the Company, thereby boosting cooperation between both companies. OEP subscribed to a reserved capital increase of €0.9 million at a price of €4.83 per-share.

In April 2021, the Company announced the end of the collaboration for the development and marketing of firibastat in China with the Chinese laboratory Qilu Pharmaceutical. During their collaboration together, the Company and Qilu Pharmaceutical were unable to reconcile their positions concerning the development of firibastat. Consequently, the Company is recovering its rights for the Chinese market and continuing the discussions which had been underway with the international laboratories for this market.

In April 2021, the Company also obtained non-dilutive funding totalling €3 million. The BNP granted it a €1.5 million loan in the form of a state-guaranteed loan (Prêt Garanti par l'Etat - PGE) with an initial maturity date of 12 months at a rate of 0.25%. The Company may request an amortization of the loan of up to 5 years. BPIfrance granted an R&D innovation loan of 1.5 million euros, for a term of 7.6 years at a rate of 0.72%. The first instalment is payable on 31 December 2023.

In May 2021, the Company announced the publication of a new scientific article in the Biomedecine and Pharmacotherapy which supports its phase III development plan into resistant and difficult-to-treat high blood pressure. The article, entitled “*Effects of firibastat in combination with enalapril and hydrochlorothiazide on blood pressure and vasopressin release in hypertensive DOCA-salt rats*” is available online on the website of the Biomedecine & Pharmacotherapy Journal ([Biomedicine & Pharmacotherapy - Journal - Elsevier](#) DOI: 10.1016/j.biopha.2021.111682). The results reported in this article demonstrate that the hypotensive effect achieved with hypertensive DOCA-salt rats with a daily treatment comprised of firibastat in combination with enalapril and hydrochlorothiazide is significantly higher than that achieved with firibastat alone or with the enalapril/hydrochlorothiazide combination therapy. Additionally, the co-administration of

firibastat, enalapril and hydrochlorothiazide reduces by more than 50% the plasma levels of vasopressin seen in DOCA-salt rats treated with the enalapril/hydrochlorothiazide combination therapy, thereby suggesting a diuretic effect for the firibastat/enalapril/hydrochlorothiazide triple therapy exceeding that of the enalapril/hydrochlorothiazide combination therapy.

1.2 Legal operations

Over the course of the first half of 2021 the Company's management bodies have taken the following decisions:

- on 26 January 2021, after a Compensation and Appointments Committee meeting held on the same day, the Board of Directors' meeting:
 - took decisions concerning the remuneration policy for employees within the Company, in accordance with the recommendations of the Compensation and Appointments Committee, which met on the same day;
 - decided to increase the compensation of the CEO, in accordance with the recommendations of the Compensation and Appointments Committee, which met on the same day;
- on 08 February 2021, the Board of Directors:
 - approved the terms and conditions of a new strategic, commercial and capital partnership operation;
 - authorised the conclusion and signature of an English-language contract entitled "*Subscription Agreement*" for implementation of the said operation;
 - decided to increase the capital in cash, within the framework of a delegation of authority decided by the Company's Annual Ordinary and Extraordinary General Meeting of 16 July 2020, with the elimination of the preferential subscription right for a named beneficiary, and set out the terms and conditions of the issue
 - granted powers to the CEO in connection with the implementation of the adopted resolutions;
 - issued the supplementary report of the Board of Directors, provided for by the provisions of articles L. 225-129-5 and R. 225-116, paragraph 3, of the French Commercial Code;
- the CEO, pursuant to decisions dated 25 February 2021, in particular:
 - noted the final completion of the capital increase decided by the Board of Directors on 8 February 2021, in the 3rd resolution adopted, on delegations from the Company's General Meeting of Shareholders of 16 July 2020;

- decided to amend Article 6 of the Company's articles of association accordingly;
- after a Compensation and Appointments Committee meeting held on the same day, the Board of Directors meeting on 24 March 2021:
 - awarded bonus shares to the Company's employees and/or officers, on the basis of the delegation of authority granted by the Annual Ordinary and Extraordinary General Meeting of 16 July 2020 (“AGA₀₃₋₂₀₂₁”);
 - examined and approved the financial statements for the financial year ended 31 December 2020;
 - proposed the allocation of the income for the financial year ended 31 December 2020;
 - decided to submit new delegations of authority to the Board of Directors at this General Meeting;
 - took the necessary decisions, as a result of the above decisions, for the preparation and convening of the Ordinary Annual General Meeting called to approve the financial statements for this financial year;
- on 27 April 2021, the Board of Directors' meeting:
 - decided to propose the appointment of several new Board Members;
 - Decided to propose setting the overall remuneration to be allocated to the Board Members and its attribution to the Board Members;
 - decided to propose issuing share warrants;
 - modified the meeting agenda and resolution texts for the Ordinary and Extraordinary AGM;
- the Board of Directors meeting of 21 June 2021 decided to align the Company's corporate accounts with the requirements of the IFRS standards;
- On June 24 the Ordinary and Extraordinary AGM:
 - examined and approved the accounts for the year ended 31 December 2020,
 - discharged the Board Members,
 - allocated the earnings of the financial year,
 - assigned the retained losses to the "issue premium, merger premium, contribution premium" item,

- approved the agreements referred to in articles L. 225-38 and following of the French Commercial Code,
- renewed the term of office of a Board Member,
- noted the non-renewal of the term of office of a Board Member,
- appointed two new Board Members,
- set the total remuneration to be paid to the Board Members,
- authorised the Board of Directors to carry out transactions on the Company's shares, pursuant to the provisions of article L. 225-209 of the French Commercial Code,
- delegated authority to the Board of Directors to increase the share capital, with the removal of the preferential right of subscription and public offering of financial securities,
- delegated authority to the Board of Directors to decide on the increase in share capital, by issuing – with the preferential subscription right maintained – shares and/or securities providing access to the Company's capital and/or by issuing securities granting an entitlement to the allocation of debt securities,
- delegated authority to the Board of Directors to decide on the increase in share capital, by issuing – with the preferential subscription right removed – shares and/or securities providing access to the Company's capital and/or by issuing securities granting an entitlement to the awarding of debt securities through an offer referred to in article L. 411-2 1 of the French monetary and financial code, including to qualified investors or a small circle of investors,
- delegated authority to the Board of Directors to decide on the increase in share capital, by issuing shares and/or securities providing access to the Company's capital and/or by issuing securities creating an entitlement to the awarding of debt securities, with removal of the preferential subscription right for the benefit of a category of persons (strategic operation),
- delegated authority to the Board of Directors to decide on the increase in share capital, by issuing shares and/or securities providing access to the Company's capital and/or by issuing securities granting an entitlement to the awarding of debt securities, with the removal of the preferential subscription right for the benefit of a category of persons (investment operation),
- delegated authority to the Board of Directors to issue 100,000 warrants, without preferential subscription rights in favour of a designated category of persons,

- delegated authority to the Board of Directors to decide on the increase in share capital through the capitalisation of issue premiums, reserves, profits or other items,
 - delegated authority to the Board of Directors to increase the number of shares to be issued in the case of a capital increase with or without a preferential subscription right,
 - delegated authority to the Board of Directors to decide on the increase in share capital through the issuing of shares or securities reserved for members of savings plans, with the removal of the preferential subscription rights for the latter,
 - delegated authority to the Board of Directors for the purpose of granting share subscription or purchase options,
 - delegated authority to the Board of Directors to carry out bonus allocations of shares (whether existing or to be issued) to all or some employees and corporate officers of the group,
 - authorised the Board of Directors to reduce the capital by cancelling pre-purchased shares; and
- the Board of Directors meeting dated 24 June 2021 decided to renew the term of office of the Chairman of the Board of Directors.

As a result of the above, the Company's registered capital was set at the sum of 10,752,183.54 euros, divided into 26,892,613 shares as of 30 June 2021.

1.3 Disputes

Scalene Partners is requesting the payment of the sum of €1 million exclusive of tax in respect of commissions related to the last fund raising operation organised by Quantum Genomics in December 2020.

Quantum Genomics is disputing the payment of this sum and summoned Scalene Partners in January 2021 for the purposes of seeking the cancellation of the mandate and its amendments, and the return of the sums paid to Scalene Partners under the contract, representing a total of €0.4 million exclusive of tax.

After reviewing the case with its counsel, Quantum Genomics considers that Scalene Partners' application is unfounded and that the risk has not been established. Consequently, no provision has been included in the 2020 accounts. The situation has not changed since 31 December 2020.

2. EARNINGS AND FINANCIAL POSITION IN THE FIRST HALF OF 2021

A copy of the interim financial statements meeting French and IFRS standards up to 30 June 2021, and the statutory auditor's report are included in the Appendix to this report.

2.1 Operating profits

The total operating revenue was 2,711,674 euros compared to 377,290 euros in the first half-year of 2020. During the first half of 2021, the Company received payments on the basis of the partnership agreements it has signed. It invoiced 2,263,059 euros in fees corresponding to the upfront payments for the partnership contracts signed in South Korea, Greece and Canada.

The operating expenses were 9,934,531 euros compared to 6,332,492 euros for the first half of 2020, with the operating income for the first half of 2021 showing a deficit of 7,222,857 euros. The progress of clinical trials automatically results in an increase in operating expenses.

Wages and salaries amounted to 784,281 euros, while social security charges came to 325,412 euros, for a total of 7 salaried employees at 30 June 2021. On 30 June 2020, the total wages and salaries were 812,770 euros, with 321,267 euros of social security charges.

2.2 Financial income and EBIT

Financial expenses came to 8,241 euros compared to 5,373 euros in the first half of 2020.

Financial income was 13,132 euros compared to 3,124 euros in the first half of 2020.

EBIT amounted to a loss of €7,217,965.

2.3 Extraordinary profit

Non-recurring income in the first half of 2021 amounted to a loss of €130,571.

2.4 Income for the financial year

After taking a research tax credit of €1,168,352 into account, the first half of 2021 up to 30 June 2021 resulted in a net loss of €6,180,184.

2.5 Changes in equity and working capital

At 30 June 2021, the equity stood at €21,815 K, down by €5,320 K from the end of 2020.

Taking the conditional advances from Bpifrance of €270 K into account, working capital stood at €22,085 K.

2.6 Changes in debt and cash flow

The Company had €3,004 K of financial debts on 30 June 2021, chiefly accounted for by the PGE (state-guaranteed loan) taken out with the BNP for an amount of €1.5 million and the R&D innovation loan taken out with the BPI for an amount of €1.5 million.

Cash flow stood at €24,874 K, compared to €27,153 K on 31 December 2020.

2.7 Change in working capital requirements (WCR)

The working capital requirements fell by €364 K during the first half of 2021.

3. EVENTS SUBSEQUENT TO 30 JUNE 2021

3.1 Scientific and economic progress

In July 2021, the Company announced the recruitment of the first patient in the REFRESH study, its phase III pivotal study in the treatment of difficult-to-treat and resistant hypertension with a single daily intake of firibastat. The study is being carried out jointly with the companies DongWha and Orient EuroPharma, in accordance with the partnership agreements signed respectively for South Korea and for Southeast Asia, Australia and New Zealand.

27 August 2021: the results from the Phase IIb QUORUM study were presented by Pr Gilles Montalescot (Paris) on 27 August 2021 during the 2021 scientific sessions of the European Society of Cardiology (ESC). Spurred on by the QUORUM results, the Company knows that firibastat's effectiveness on the entire study group is of the same level as that of the most effective postinfarction product. Among severe patients with an ejection fraction below 50%, firibastat's effectiveness is more noticeable than that of ramipril. Additionally, QUORUM has demonstrated that firibastat improves the pressure profile, the deterioration in which is currently a factor limiting the treatment of severe patients with ACE inhibitors such as ramipril, the benchmark treatment. These results open the way to a phase III clinical trial among severe patients whose treatment protocol be finalised with the chosen partner pharmaceutical laboratory.

3.2 Legal operations

Since 30 June 2021, the following legal operations have occurred:

- on 04 October 2021, the Board of Directors, after a Compensation and Appointments Committee meeting held on the same day:
 - reviewed and approved the Company's half-yearly financial statements (compliant with IFRS standards) for the first half of 2021, a copy of which is appended to this report;

- finalised and approved the 2021 interim financial report;
- decided on the distribution of the remuneration to the Board Members;
- Decided to issue warrants using the delegation of authority granted it by the Ordinary and Extraordinary AGM of 24 June 2021;
- noted the final completion of the capital increase of €88,230.11 following the allocation of free shares to employees and directors of the Company (Shareholders' AGM₀₇₋₂₀₁₉₋₂),
- noted the final completion of the capital increase of €17,991.86 following the allocation of free shares to employees and directors of the Company (Shareholders' AGM₀₈₋₂₀₂₀);
- noted the final completion of the capital increase of € 75,965.65 following the allocation of free shares to employees and directors of the Company (Shareholders' AGM₀₉₋₂₀₂₀);
- decided to amend Article 6 of the Company's articles of association accordingly;
- granted full powers for the accomplishment of formalities;
- awarded bonus shares to the Company's employees and/or officers, on the basis of the delegation of authority granted by the Annual Ordinary and Extraordinary General Meeting of 24 June 2021 ("AGM₁₀₋₂₀₂₁");
- issued the supplementary report from the Board of Directors;
- noted the end of Mr Christian BECHON's term of office as a member of the Remunerations and Appointments Committee due to the non-renewal of his term of office as a Board Member of the Company.

As a result of the transactions and proceedings mentioned in Sections 1.2 and 3.2 of this report, at this report date the Company's share capital amounted to 10,934,371.16 euros, divided into 27,348,288 shares.

4. OUTLOOK

In view of its activities, the company must be in a position to finance research work, through to the marketing of the products or the disposal of the rights to its work.

The cash available on 30 June 2021 (€24.9 million) will enable the Company to continue its programmes beyond the third quarter of 2022.



Interim Situation

Quantum Genomics



Quantum Genomics

Assets			On 30/06/2021			On 31/12/2020
			Gross value	Depr. or Prov.	Net value	
Uncalled subscribed capital						
Fixed assets	Intangible fixed assets	Start up and development costs	766,283	100,502	665,780	
		Franchises, patents and similar assets				
		Goodwill				
		Other intangible fixed assets				
		Intangible assets in progress				760,000
	TOTAL		766,283	100,502	665,780	760,000
	Tangible fixed assets	Land				
		Buildings				
		Industrial fixtures and equipment	22,911	22,911		884
		Other tangible fixed assets	78,108	43,810	34,298	25,660
Tangible fixed assets in progress						
TOTAL		101,020	66,721	34,298	26,544	
Financial fixed assets	Investments measured using the equity method					
	Other investments					
	Receivables related to equity investments					
	Long-term securities (portfolio activity)					
	Other long-term securities	563,428		563,428	635,155	
Loans						
Other financial assets	32,707		32,707	32,307		
TOTAL		596,136		596,136	667,462	
Total fixed assets			1,463,440	167,224	1,296,216	1,454,007
Current assets	Stock	Raw materials & supplies				1,746,810
		Work in progress (goods)				
		Work in progress (services)				
		Finished goods and by-production				
	TOTAL					1,746,810
	Advances received on orders		283,468		283,468	259,250
	Receivables	Trade account receivables	662,003		662,003	822,852
		Other receivables	2,106,389		2,106,389	3,013,937
		Unpaid subscribed called capital				
	TOTAL		2,768,393		2,768,393	3,836,789
Marketable securities	Cash instruments	5,007,498		5,007,498	5,005,002	
	Available funds					
TOTAL		19,866,860		19,866,860	22,148,304	
Prepaid expenses			3,196,534		3,196,534	491,433
Total current assets			31,122,755		31,122,755	33,487,589
Deferred charges - Premiums on redemption of borrowings						
Exchange rate differences (assets)			290		290	10,663
TOTAL ASSETS			32,586,486	167,224	32,419,262	34,952,261

Quantum Genomics

Liabilities		On 30/06/2021	On 31/12/2020
Shareholders' funds	Share capital (of which paid up: 10,752,183)	10,752,183	10,680,166
	Share premiums (mergers, contributions)	17,020,626	27,773,653
	Revaluation variance		
	Equity method eval.		
	diff. Reserves		
	Legal reserve		
	Statutory reserves		
	Regulated reserves	222,169	218,171
	Other reserves		
	Profit & loss carried forward		
Previous results not yet allocated Result for the period (profit or loss)	-6,180,184	-11,536,701	
Net worth before allocation	21,814,794	27,135,290	
Investment grant			
Special provisions for tax purposes			
	Total	21,814,794	27,135,290
Other funds	Subordinated equity		
	Conditional advances	270,000	720,013
	Total	270,000	720,013
Provisions	Provisions for risks	291	10,663
	Provisions for future costs	419,347	441,592
	Total	419,638	452,255
Debts	Loans and similar debts		
	Convertible debenture loans		
	Other debenture loans		
	Borrowings from credit institutions	3,004,269	1,869
	Loans and misc. financial debts		
	Total	3,004,269	1,869
	Advances received on orders		
	Trade accounts payable and rel. liabilities	6,426,359	6,035,828
	Taxes and social debts	460,723	600,708
	Liabilities related to fixed assets		
Other debts	22,412	5,174	
Cash instruments			
Total	6,909,495	6,641,711	
Income recorded in advance			
	Total liabilities and income recorded in advance	9,913,764	6,643,580
Exchange rate differences (liabilities)	1,064	1,120	
	LIABILITIES	32,419,262	34,952,261
Leasing for buildings			
Leasing for other equipment			
Non-expired discounted notes receivable			
Comments: Stock valuation Calculation of depreciation Calculation of provisions			

Quantum Genomics

		France	Export	From 01/01/2021 To 30/06/2021	From 01/01/2020 To 30/06/2020
Operating income	Sales of merchandises				
	Sales of production: - Goods	101,637		101,637	
	- Services				
	Net sales	101,637		101,637	
	Stored production				
	Work in progress				
	Partial net income on long-term operations				
	Operating subsidies			310,013	
	Write back of depreciation, provisions and transferred charges			36,832	362,488
Other income			2,263,191	14,802	
			Total	2,711,674	377,290
Operating expenses	Goods				
	Purchases				
	Change in inventory				
	Raw materials and other supplies		Purchases	-113,840	1,006,187
			Change in inventory	1,746,810	-737,386
	Other external purchases and expenses			6,716,346	4,837,424
	Taxes and similar payments			264,275	11,856
	Wages and salaries			784,281	812,770
	Social security charges			325,412	321,267
	Operating allowances	<ul style="list-style-type: none"> • on fixed assets • on circulating assets • For risks and costs 		100,336	5,409
Other expenses			110,908	74,964	
			Total	9,934,531	6,332,492
			Operating profit	A	-7,222,857
Com- Ops-	Profit attributed or loss transferred				
	Loss borne or profit transferred				
Financial income	Financial income from investments				
	Financial income from other investments and fixed asset receivables			2,468	3,042
	Interest and similar income			10,663	82
	Writeback of provisions and transferred charges				
	Exchange rate gains				
Net profit on disposals of current financial investments					
			Total	13,132	3,124
Financial expenses	Financial allowances for depreciation and provisions			291	5,373
	Interest and similar charges			7,950	
	Exchange rate losses				
	Losses on disposals of current financial investments				
			Total	8,241	5,373
			Financial result	D	4,891
			RESULT OF ORDINARY OPERATIONS BEFORE CORPORATE TAX (± A ± B - C ± D) E	-7,217,965	-5,957,451
Exceptional income	On operating items			14,372	3,182
	On capital items			23,611	155,503
	Writeback of provisions and transferred charges				
			Total	37,984	158,685
Exceptional expenditure	On operating items			73,217	560
	On capital items			95,337	141,617
	Depreciation and provisions				
			Total	168,555	142,177
			Exceptional result	F	-130,571
				G	
Employees' profit-sharing plan					
Corporate tax on profit				-1,168,352	-859,977
				H	
			PROFIT OR LOSS (± E ± F - G - H)	-6 180 184	-5,080,966

Cash flow table

QUANTUM GENOMICS – Cash flow table			
In €		30/06/2021	31/12/2021
	Net result	-6 180	-11 537
	Depreciation and provisions	68	170
	Capital gains from transfers & disposals	0	0
	Cash flow	-6,112	-11,367
	Change in trade accounts receivable	161	-823
	Change in inventory	1,747	-1,414
	Change in supplier debts (excl. fixed asset costs)	390	1,942
	Other receivables	-1,811	-1,057
	Other debts	-123	760
	Net cash flow generated by the activity	-5,748	-11,959
	Acquisitions of intangible & tangible fixed assets	-14	-411
	Changes in gross financial assets	71	-170
	Fixed asset supplier changes	0	0
	Proceeds from transfers	0	0
	Net cash flow related to investment operations	57	-581
	Dividends paid to shareholders		
	Change in current accounts	0	0
	Change in cash capital	860	28,501
	Change in Subsidies	0	0
	Change in borrowings	2,552	28
	Net cash flow related to financing operations	3,412	28,529
	Change in cash flow	-2,279	15,988
	Opening cash flow	27,151	11,163
	Net cash flow generated by the activity	-5,748	-11,959
	Net cash flow generated by investment operations	57	-581
	Net cash flow related to financing operations	3,412	28,529
	Closing net cash flow	24,872	27,151

SA Quantum Genomics

Appendix to the interim accounts as of 30 June 2021

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1 Major events

1.1 *Main events from the period*

Financial operations:

During the first half of 2021, 180,124 new shares were issued as part of the private placement organised with Orient EuroPharma, a Taiwanese pharmaceutical laboratory and partner of Quantum Genomics for Southeast Asia, Australia and New Zealand. This operation generated a net capital increase of €0.8 million.

In April 2021, the Company obtained non-dilutive funding of €3 million comprised of a PGE (state-guaranteed loan) taken out with BNP for €1.5 million and an R&D innovation loan taken out with BPI.

Partnerships

DongWha Pharm

In December 2020, the Company and DongWha Pharm signed an exclusive licensing agreement covering South Korea.

Under the terms of the agreement, the company will receive upfront and milestone payments amounting to 18.5 M USD plus sales royalties.

An initial payment of €1.7 million was invoiced and received during the first half of 2021.

This sum was entered in the licence fees category of the accounts.

Faran

In December 2020, the Company and Faran signed an exclusive licensing agreement covering Greece.

Under the terms of the agreement, the company will receive upfront and milestone payments amounting to 12.1 million USD plus sales royalties.

An initial payment of €0.4 million was invoiced and received during the first half of 2021.

This sum was entered in the licence fees category of the accounts.

Xediton

In December 2020, the Company and Xediton signed an exclusive licensing agreement covering Canada.

Under the terms of the agreement, the company will receive upfront and milestone payments amounting to 11:35 M USD plus sales royalties. An initial payment of €0.2 million was invoiced and received during the first half of 2021. This sum was entered in the licence fees category of the accounts.

The health situation

Despite the Covid-19 pandemic, discussions with new potential partners and pre-clinical and clinical development work are ongoing, even if the Company cannot rule out certain stages proceeding more slowly than planned.

The Company's cash flow position of €24.9 million as of 30 June 2021 enables it to guarantee the continuation of its development programme, regardless of the long-term consequences of the current crisis, with it being specified that at this stage the Company does not anticipate any significant delays. During the first half of 2021, the Company did not need to resort to the use of furlough measures or the deferment of social security payments.

1.2 Additional information

The supplier Scalène Partners

Scalene Partners is requesting the payment of the sum of €1 million exclusive of tax in respect of commissions related to the last fund raising operation organised by Quantum Genomics in December 2020.

Quantum Genomics is disputing the payment of this sum and summoned Scalene Partners in January 2021 for the purposes of seeking the cancellation of the mandate and its amendments, and the return of the sums paid to Scalene Partners under the contract, representing a total of €0.4 million exclusive of tax.

After reviewing the case with its counsel, Quantum Genomics considers that Scalene Partners' application is unfounded and that the risk has not been established. Consequently, no provision has been included in the 2020 accounts. The situation has not changed since 31 December 2020.

1.3 Events occurring after the closure date

Tax audit

Since December 2020, a tax audit covering the financial year 2017 to 2019 has been ongoing. Though challenged by the Company, the tax authorities issued a demand for payment of €271 K in July 2021. In accordance with legal requirements, this sum was immediately paid by the Company, which has nevertheless reserved the right to contest this decision.

1.4 Accounting principles, rules and methods

The annual accounts were established in accordance with the provisions of the French Commercial Code and regulation 2014-03 from the ANC (national accounting standards body) of 05/06/2014 modified by ANC regulation 2016-07 of 26/12/2016.

General accounting policies were applied in accordance with the principle of prudence, in line with the basic hypotheses:

- the going concern principle,
- the consistency of accounting methods from one financial year to another,
- independence of financial years in accordance with the general rules for the preparation and presentation of annual accounts.

The reference period for the accounts is 6 months covering the period from 1 June to 30 June 2021.¹

1.5 Going concern principle

In view of its activities, the company must be in a position to finance research work, through to the marketing of the products or the disposal of the rights to its work.

The cash available at 30 June 2021 (€24.9 million) enables the Company to continue its programmes beyond the first quarter of 2022.

¹ Translator's note: *sic*

2 Balance sheet information

2.1 *Assets*

2.1.1 *Table of fixed assets*

FIXED ASSETS (€)	Gross value on 31/12/2020	Acquisitions	Transfers between line items	Disposals	Gross value on 30/06/2021
Start up and development costs					
Other intangible fixed assets	766,283				766,283
Intangible fixed assets	766,283				766,283
Land					
Buildings					
General facilities, fixtures, various fittings	22,912				22,912
Other tangible fixed assets	68,339	13,872		4,102	78,109
Current tangible fixed assets					
Down payments on tangible fixed assets					
Tangible fixed assets	91,251	13,872		4,102	101,021
Equity interests					
Other interests					
Long-term securities	635,155	11,982,526		12,054,253	563,428
Loans and other long-term investments	32,308	400			32,708
Long-term investments	667,463	11,982,926		12,054,253	596,136
Fixed assets	1,524,997	11,996,798		12,058,355	1,463,440

2.1.2 Table of depreciation and provisions

DEPRECIATION (€)	Cumulative at 31/12/2020	Allowances	Write-backs	Cumulative at 30/06/2021
Start up and development costs				
Other intangible fixed assets	6,283	94,219		100,502
Intangible fixed assets	6,283	94,219		100,502
Buildings				
General facilities, fixtures, various fittings	22,027	884		22,911
Other tangible fixed assets	42,678	5,234	4,102	43,810
Current tangible fixed assets				
Down payments on tangible fixed assets				
Tangible fixed assets	64,705	6,118	4,102	66,721
Equity interests				
Other interests				
Long-term securities				
Loans and other long-term investments				
Long-term investments				
Total	70,988	100,337	4,102	167,223

2.1.3 Tangible fixed assets

Tangible fixed assets are valued at their acquisition cost after deduction of discounts and rebates, or at their production cost.

Depreciation is applied when the present value of an asset is less than its net book value.

Types of fixed asset	Method	Duration
Equipment and tooling	Linear	3 years
General facilities	Linear	10 years
Office equipment	Linear	3 to 5 years
Office furniture	Linear	10 years

2.1.4 Intangible fixed assets

Intangible fixed assets are valued at their acquisition cost, after deduction of rebates and discounts or at their production cost.

Depreciation is applied when the real value of an asset is less than its net book value.

2.1.4.1 Software

The Company possesses several software assets with a purchase value of €6,283, fully depreciated.

2.1.4.2 Licence

The company has an exclusive patent and know-how licence granted jointly by several French public institutions, including INSERM, on a worldwide basis.

Changes in accounting standards have led the company to enter this contract in the accounts as a capital project underway on 31 December 2019, for an exceptional income entry.

The cost of this contract will begin to be amortised following the signature of the licences and therefore, for simplification purposes, on 1 January 2021, for a 4-year term.

2.1.4.3 Research and development costs

These costs can be entered as assets if they relate to clearly individualised projects, with serious chances of technical success and commercial profitability.

The following conditions must therefore be met simultaneously:

- technical feasibility necessary to the completion of the intangible fixed asset with a view to its deployment or sale;
- the intent to complete the intangible fixed asset and to use or sell it;
- the capacity to use or sell the intangible fixed asset;
- the capacity for the intangible fixed asset to generate probable future economic benefits. Among other things, the entity must demonstrate the existence or market for the production derived from the intangible fixed asset itself or for the intangible fixed asset itself, or, if it is to be used internally, its usefulness;
- the availability of appropriate resources (technical, financial or other) to complete the development and use or sell the intangible fixed asset;
- and the capacity to reliably measure the expenditure attributable to the intangible fixed asset during its development.

In view of the above-mentioned conditions, the research and development costs incurred by Quantum Genomics are not entered as assets in view of the uncertainty concerning the technical feasibility and the prospect for future economic benefits.

The amount entered for clinical trial subcontracting expenses for the period totalled €5,548 K.

2.1.5 Long-term investments

2.1.5.1 Securities of subsidiaries and interests

The company has no subsidiaries or interests.

2.1.5.2 Other long-term securities

A liquidity agreement was put in place with Aurel BGC on 10 April 2014 then transferred to Invest Securities on 13 April 2015. On 31 December 2018, the company entered into a new liquidity contract in accordance with the AMAFI charter with Gilbert Dupont, which took effect on 1 February. As a result, 59,005 shares were transferred from Invest Securities to Gilbert Dupont.

Number of shares on 30/06/2021:	92,875 shares
Purchase price:	€344,970
Value of the shares on 30/06/2021:	€360,169
Cash position on 30/06/2021:	€218,460

As the trading price on 30 June 2021 exceeded the purchase price, no provision for depreciation was entered.

2.1.6 Receivables

Receivables are valued at their nominal value. Depreciation is applied when the inventory value is below the book value.

	STATEMENT OF RECEIVABLES		Gross value	1 year at most	more than a year
FIXED ASSETS	Receivables related to equity investments		-	-	-
	Loans		-	-	-
	Other financial assets		32,307	-	32,307
CURRENT ASSETS	Doubtful or disputed trade receivables		-	-	-
	Other trade accounts receivable		662,004	662,004	-
	Social Security and other social welfare bodies		4,644	4,644	-
	The State and other public authorities	Corporate tax on profit	1,061,078	1,061,078	-
		Value-added tax	932,849	932,849	-
		Other taxes, duties and similar	-	-	-
		Miscellaneous	9,653	9,653	-
	Groups and partners		-	-	-
Miscellaneous receivables		98,165	98,165	-	
Prepaid expenses		3,196,534	3,196,534	-	
TOTAL		5,997,635	5,965,328	32,307	

The “Corporate taxes” line corresponds to the research tax credit (CIR) receivable for the 2021 financial year.

2.1.7 Stocks of purchased products

From 1 January 2021 onwards, non-consumed active ingredients have been reassigned for accounting purposes to the prepaid expenses category, with it being considered that these are charges for which the consumption will occur after 30 June 2021.

2.1.8 Accrual accounts

2.1.8.1 Prepaid expenses

Prepaid expenses consist only of ordinary expenses, the effect of which on the result is carried forward to a subsequent period.

Purchases of non-consumed active ingredients have been reassigned for accounting purposes to prepaid expenses from 1 January 2021. Up until 31/12/2020, non-consumed purchases were listed in the stock account.

The details as of 30 June 2021 are shown below:

Studies and products invoiced but not yet produced	€1,348,176
Raw materials and active ingredients	€ 1,414,037
Materials invoiced not yet received	€ 217,656
Leasing/rental & service charges	€ 36,593
Contributions	€ 17,978
Publications and advertisements	€ 22,870
Fees	€20,303
Miscellaneous	€2,906
GSC (social guarantee for company managers and executives)	€13,538
Insurance	€ 102,476
Total	<u>€3,196,533</u>

2.1.8.2 Exchange rate differences (assets)

Expenses and income in foreign currencies are recorded at their value at the transaction date.

Debts and receivables in foreign currencies are shown in the balance sheet at the exchange rate at the end of the year.

The difference resulting from the discounting of debts and receivables in foreign currencies at this latter rate is recorded in the balance sheet as “unrealised foreign exchange gains”.

Unrealised foreign exchange losses are fully subject to provision for risks.

Description	Amount in foreign currency	Valuation on the date of the transaction	Valuation at closing	Unrealised foreign exchange gains	Unrealised foreign exchange losses	Provision for foreign exchange losses
Trade payables	21,436 USD	€18,072	€18,038	€291	€325	€291
Trade accounts receivable	250,000 USD	€209,628	€210,367	€0	€739	€0
				€291	€ 1,064	€291

2.1.8.3 Accrued income

The details as of 30 June 2021 are shown below:

Description	Amount
ACCRUED INTEREST	
Marketable securities	247
OTHER INCOME	
Invoices yet to be issued	101,637
Discounts and rebates to be obtained, credit notes to be received	31,200
State	9,653
TOTAL	142,490

2.1.9 Cash and cash equivalents

Financial investments consist of term deposits for an amount of €5,007 K.

There is no need to establish a provision for depreciation as of 30 June 2021.

2.2 Liabilities

2.2.1 Statement of changes in shareholders' equity

Descriptions (€)	31/12/2020	+	-	30/06/2021
Capital	10,680,167	72,017		10,752,184
Premiums related to capital, reserves and warrants	27,991,825	801,980	11,551,009	17,242,796
Profit & loss carried forward				
Earnings 31/12/2020	- 11,536,701	11,536,701		
Earnings 30/06/2021			6,180,185	- 6,180,185
Total	27,135,291	12,410,698	17,731,194	21,814,795

The capital is comprised of 26,892,613 shares as at 30 June 2021.

	Number of shares	Capital increase	Share issue premium	Warrants
Position at the start of the financial year	26,712,489	10,680,166	27,388,453	385,200
Board of Directors meeting of 08/02/2021 - Capital increase -	180,124	72,017	797,982	
Board of Directors meeting of 24/03/2021 - AGA 03-2021 - Deduction from share issue premium			- 3,998	
Minutes of the AGOA (ordinary annual general meeting to approve annual accounts) of 24/06/2021 - balance carried forward deducted from share issue premium			- 11,536,701	
Charging of share issue costs			- 10,310	
Change for the period	180,124	72,017	- 10,753,027	-
Position at the end of the period before consolidation	26,892,613	10,752,183	16,635,426	385,200

Warrants (BSAs)

Warrants (BSAs)	Number of warrants subscribed	Number of warrants exercised since subscription	Number of warrants remaining to be exercised	Number of new shares attached to the warrants remaining to be exercised	Validity period
Attribution BSA06-10	5,766,967	5,766,967	-	-	Null and void
Attribution BSA06-12	1,120,000	444,988	675,012	37,501	10 years
Attribution BSA11-13	97,551		97,551	97,551	10 years
Attribution BSA11-13-2	298,542		298,542	298,542	10 years
Attribution BSA2017	2,191,698	161,292			Null and void
Attribution BSA2019	39,877		39,877	39,877	3 years
	9,514,635	6,373,247	1,110,982	473,471	

All warrants subscribed as at 30 June 2021 create an entitlement to purchase 473,471 new shares.

- the BSA₀₆₋₁₂ warrants make it possible to purchase 0.055 new shares at a price of 3.24 euros per share,
- the BSA₁₁₋₂₀₁₃ warrants make it possible to purchase 1 new share at a price of 6.12 euros per share,
- the BSA₁₁₋₂₀₁₃₋₂ warrants make it possible to purchase 1 new share at a price of 6.30 euros per share.
- The BSA₂₀₁₉ warrants make it possible to purchase 1 new share at a price of 5.06 euros per share.

Bonus share allocations during the vesting period

Bonus share allocation	Number of bonus share allocations (AGA) on 31/12/2020	% capital	Reserve not available (€)	Vesting period	Deadline
Attribution AGA 07/2019-2	220,675	0.82%	88,230	24 months	19/07/2021
AGA attribution 08/2020	45,000	0.17%	17,992	12 months	28/08/2021
Attribution AGA 09/2020	190,000	0.71%	75,966	12 months	30/09/2021
Attribution AGA 12/2020	90,000	0.33%	35,984	12 months	04/12/2021
Attribution AGA 03/2021	10,000	0.04%	3,998	12 months	24/03/2022
	555,675	2.07%	222,169		

The shares awarded will be issued by the company upon expiry of a vesting period.

The details of the allocations and the final implementation of the free shares are shown in the table below.

	Shares	Date agreed / Date implemented	Deadline
AGA 03 2016	244,850.00	02/03/2016	02/03/2017
AGA 2016 - 07 - 1	251,713.00	08/07/2016	08/07/2018
AGA 2016 - 07 - 2	251,713.00	08/07/2016	08/07/2019
AGA 05-2017-1	10,000.00	04/05/2017	04/05/2018
AGA 05-2017-2	10,000.00	04/05/2017	04/05/2019
AGA 08 2017 1	3776.00	22/08/2017	22/08/2018
AGA 08 2017 2	3776.00	22/08/2017	22/08/2017
AGA 04 2018	15,000.00	12/04/2018	12/04/2019
AGA 07 2019 1	183,828.00	19/07/2019	19/07/2020
AGA 07 2019 2	220,675.00	19/07/2019	19/07/2021
AGA 12 2019	39,633.00	10/12/2019	10/12/2020
AGA 08 2020	45,000.00	28/08/2020	28/08/2021
AGA 09 2020	190,000.00	30/09/2020	30/09/2021
AGA 12 2020	90,000.00	04/12/2020	04/12/2021
AGA 03 2021	10,000.00	24/03/2021	24/03/2022

2.2.2 Conditional advances

The accounts show:

- A conditional advance granted by Bpifrance in 2014, the characteristics of which are as follows:
 - Purpose: "Innovation aid for the development and testing of QGC001 products with blood pressure-raising agents".
 - Total amount of the aid: €260,000
 - Payment details for the aid:
 - After signature of the contract: €200,000 (September 2014)
 - **Année** **Remboursement** 0,000 (paid April 2016)
 - 2017 15 000 €
 - 2018 35 000 €
 - 2019 70 000 €
 - 2020 110 000 €
 - 2021 30 000 €
 - Total** **260 000 €**
- ance will be reimbursed up to a level of €260,000, in quarterly
ing payment schedule:

At 31 December 2017, two payments of €5,000 were drawn, i.e. €10,000 against €15,000 originally planned in the payment schedule. The remaining €5,000 were drawn at the start of the 2018 financial year.

Concerning the payment of €35,000 planned in 2018, this was paid in full in the last financial year. The outstanding balance of the advance on 31/12/2018 was therefore €210,000.

During 2019, the sum of €70,000 was paid with the sum of €140,000 remaining to be paid by March 2021.

During 2020, due to the Covid 19 pandemic the payment schedule was deferred over a 6-month period. Consequently, only €50 k were reimbursed of the scheduled €110 k. On 31/12/2020 there remained a sum of €90 k to be paid .

During the first half of 2021, the sum of €60 k was paid, with the remaining €30 k to be paid on 30/09/2021 in accordance with the payment schedule.

Additionally, the company has committed itself to ensuring that the maximum repayment annuity will correspond to 30% of the revenue generated by the project in the previous calendar year and that the additional amounts thus paid will be deducted as a priority from the last instalment payable to Bpifrance or if necessary from the second-to-last one.

- A conditional advance granted by Bpifrance on 28/09/2016, the characteristics of which are as follows:
 - Purpose: "Innovation assistance for the clinical development of QGC001 products for cardiac insufficiency and phase IIa study"
 - Total amount of the aid: €800,000
 - Payment details for the aid:
 - After signature of the contract: €480,000 (September 2016)
 - Upon completion of the work: €320,000

- Repayment schedule:

In the event of success, the advance will be reimbursed up to a level of €800,000, in quarterly instalments based on the following payment schedule:

Year	Repayment
2019	€120,000
2020	€160,000
2021	€160,000
2022	€160,000
2023	€160,000
2024	€40,000
Total	€800,000

Regardless of the outcome of the study, the lump-sum reimbursement will be a minimum of €400,000 based on the same payment schedule, which will end on 30 June 2021.

The company Quantum received the remainder of the aid in 2020, totalling €230,013. Due to the Covid-19 pandemic, the repayment instalments were pushed back by 6 months, with €80 k reimbursed during the financial year compared to the originally planned €160 k. On 31/12/2020 there remained a sum of €630 k.

During the first half of 2021, an acknowledgement of failure was approved by the BPI for an amount of €310,013 and the sum of €80,000 was reimbursed.

The balance remaining payable on 30/06/2021 is €240,000 in accordance with the following payment schedule:

- 30/09/2021: €40,000
- 31/12/2021: €40,000
- 31/03/2022: €40,000
- 30/06/2022: €40,000
- 30/09/2022: €40,000
- 31/12/2022: €40,000

2.2.3 Provisions for risks and charges

Nature of Provisions	Amount at the beginning of the year	Increase: Allowances for the year	Reduction: Write-backs for the year	Amount at the end of the year
Provisions for foreign exchange losses	10.664	291	10.664	291
Other provisions for charges	441.592	0	22.245	419.347
TOTAL	452.256	291	32.909	419.638

The other provisions were charges correspond to the specific employer's contribution for bonus share allocations.

2.2.4 Debts

2.2.4.1 Classification by due date

	Gross value	1 year at most	Between 1 and 5 years	More than 5 years
Loans and debts with credit institutions				
- 1 year maximum originally	2,319	2,319	-	-
- More than 1 year originally	3,001,950	1,501,950	825,000	675,000
Suppliers and similar	6,426,360	6,426,360	-	-
Personnel and similar	196,507	196,507	-	-
Social Security and other social welfare bodies	196,724	196,724	-	-
VAT	24,201	24,201	-	-
Other taxes and duties	43,291	43,291	-	-
Other debts	22,412	22,412	-	-
TOTAL	9,913,765	8,413,765	825,000	675,000

2.2.4.2 Financial debts

Not applicable

2.2.4.3 Expenses payable

Description	Amount
HOLIDAYS PAYABLE	
Paid holiday/leave covered by provisions	71,453
Social security charges covered by provisions	33,717
INTEREST ACCRUED	
Banks	2,319
OTHER EXPENSES	
Invoices yet to be received	1,881,212
Personnel	125,054
Social Security	59,348
Other tax-related expenses	19,545
TOTAL	2,192,648

2.2.5 Accrual accounts

2.2.5.1 Income recorded in advance

There is no income recorded in advance as of 31 June 2021.

2.2.5.2 Exchange rate differences reported as liabilities

The exchange rate differences reported as liabilities express the impact of the conversion of debts into foreign currencies (please see number 2.1.8.2).

3 Information concerning the income statement

3.1 Operating subsidies

Subsidies are recorded in the income statement according to the actual state of progress with the projects for which they are granted.

The actual state of progress with the project is assessed by taking account of the time spent by the staff and the subcontracted expenses assigned to the projects and covered by the subsidy.

No new operating subsidies were received by the company during the period.

3.2 Operating income

DongWha Pharm

In December 2020, the Company and DongWha Pharm signed an exclusive licensing agreement covering South Korea.

Under the terms of the agreement, the company will receive upfront and milestone payments amounting to 18.5 million USD plus sales royalties.

An initial payment of €1.7 million was invoiced and received during the first half of 2021.

This sum was entered in the licence fees category of the accounts.

Faran

In December 2020, the Company and Faran signed an exclusive licensing agreement covering Greece.

Under the terms of the agreement, the company will receive upfront and milestone payments amounting to 12.1 million USD plus sales royalties.

An initial payment of €0.4 million was invoiced and received during the first half of 2021.

This sum was entered in the licence fees category of the accounts.

Xediton

In December 2020, the Company and Xediton signed an exclusive licensing agreement covering Canada.

Under the terms of the agreement, the company will receive upfront and milestone payments amounting to 11.35 million USD plus sales royalties.

An initial payment of €0.2 million was invoiced and received during the first half of 2021.

This sum was entered in the licence fees category of the accounts.

3.3 Research tax credit

The research tax credit generated for the 2021 financial year totals €1,061,078.

It has been calculated taking account of the following:

- The remuneration and the corresponding compulsory Social Security payments, made to staff assigned to research taking account of the time actually spent on research activities. For employees with the status of “young doctor” this remuneration has been maintained in accordance with the text,
- The operating costs, the level of which is set on a lump sum basis at 43% of personal costs (200% for the “young doctors”) to which should be added 75% of the depreciation provisions for fixed assets allocated to research activities,
- The subcontracting costs invoiced on 30 June 2021 by approved “Research Tax Credit” bodies. The amounts have been doubled for public bodies. For the 2021 financial year, the subcontracting costs (€5.5 million) are exceeding the authorised cap. The capped amount entered is €2.6 million.
- The patent costs invoiced on 30 June 2021,
- The possible subsidies paid have been removed.

3.4 Relief of future tax debt

After taking into account of the results on 30 June 2021, the company has losses to be carried forward of €82,222,812.

3.5 Leasing contracts

There are no leasing contracts currently underway.

3.6 Attendance fees

The expenditure on 30 June 2021 in relation to attendance fees is €60,784, excluding the corporate contribution.

4 Other information

4.1 Commitments received

Not applicable

4.2 Commitments given

Not applicable

4.3 Transactions with related parties

No information is provided concerning transactions concluded with related parties in as far as the transactions have been concluded under normal market conditions.

4.4 Workforce on 30 June 2021

	Salaried staff
Executive staff	7
Total	7

4.5 End-of-career benefits

Given the size of the company and the length of service of its staff, the end-of-career benefits were not evaluated as they were not deemed significant.

STATUTORY AUDITORS' REPORT

QUANTUM GENOMICS

Joint Stock Company

33 rue Marbeuf

75008 Paris

**Limited examination report by the statutory auditor
of the half-yearly accounts up to 30 June, 2021**

Period from 1 January 2021 to 30 June 2021

Deloitte.

For the attention of the Chief Executive Officer,

In our capacity as the statutory auditor for Quantum Genomics and in response to your request, we have performed a limited examination of the half-yearly financial statements for Quantum Genomics concerning the period from 1 January to 30 June 2021, as attached herewith.

These half-yearly financial statements were drafted under the responsibility of the Board of Directors. It is our duty, based on our limited examination of these accounts, to issue our opinion on them.

We have performed a limited examination in accordance with the professional standards for our profession applicable in France and the professional policies of the *Compagnie nationale des commissaires aux comptes* (National society for statutory auditors) concerning this service. A limited examination essentially involves meeting with the members of the management team in charge of the accountancy and financial aspects and applying analytical procedures. This work is less extensive than that required for an audit performed in accordance with the professional standards applied in France. Consequently, the assurances offered by a limited examination that the half-yearly accounts, considered together, do not include any significant anomalies is a moderate assurance, and lower than that obtained from an audit.

Simplified joint-stock company with a registered capital of €2,188,160
Chartered accountancy company registered with the Order for the Ile de France region
Statutory auditing company registered with the Compagnie Régionale de Versailles et du Centre
572 028 041 Trade & Company Register (RCS) of Nanterre
VAT number: FR 02 572 028 041

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QUANTUM GENOMICS - Page 2/2

Based on our limited examination, we have noted no significant anomalies likely to cast any doubt, with regard to French accounting rules and principles, concerning the compliance and sincerity of the half-yearly accounts and the faithful image they present of the results from the operations from this half-year and the financial and asset-related situation of the company at the end of this half-year period.

This report is governed by French law. The French courts have exclusive jurisdiction to hear any disputes or claims which may result from our engagement letter and from this report or any related questions.

Paris-La Défense, 6 October 2021

The Statutory Auditor

Deloitte & Associés

Pierre-François ALLIOUX