

March 18, 2020

Welcome to WoW – the Woman of the Week podcast series by PharmaVOICE. This episode was made possible by a generous sponsorship from Diaceutics. For more information visit diaceutics.com.

In this episode, Taren Grom, editor-in-chief of PharmaVOICE magazine meets with Smital Shah, chief business and financial officer at ProQR.

Taren: Smital, welcome to the PharmaVOICE WoW podcast program.

Smital: Thank you Taren, it's a pleasure to be here. I appreciate you having me here today.

Taren: It's our pleasure to have you here. I understand that you have more than 17 years of experience as a financial strategist and an investment banker. What led you to take the leap to join the biotech company ProQR?

Smital: I actually don't think of it as a leap as much as coming back full circle, Taren. I grew up in India where there are actually a lot of local entrepreneurs. My parents were one of them as well; they started their small business together which was making APIs (active pharmaceutical ingredients) which go into the medicines we use for some pharma companies. So from then on as a kid I was exposed to it, I was interested in it, I saw them build their business, and so there was always a part of me that wanted to do that.

As I came to the US and did my graduate school in chemical engineering, in that context I could have gone anywhere. I could have gone into plastics, gone to DowDuPont, or gone to Shell or many such industries, but I actually chose to go into pharma from that perspective. So I started out and spent time in research and development at Johnson & Johnson out here in the Bay Area. I learned a lot from that. I did everything from bench scale research, tech transfer, and manufacturing. Given it was my first job and being at such a big company, what I really missed was the strategic part of it, how portfolio decisions were made, what kind of financial metrics they use, how did they decide where the company was going a few years from now.

So to kind of supplement that, I ended up going to business school at Berkeley and then from there went into investment banking which was fantastic to be really that financial strategist and investment banker as you said, and got a whole new perspective on how decisions would be made. However, there you're not really building a business. So in that sense when I kind of came back, as I said, full circle to ProQR it allowed me to do

both – kind of building the business as well as being on the strategy side of it and that’s where I am.

Taren: That’s fascinating. Talk to me a little bit about your investment banking time. As a woman and as a woman of color, how did you find that experience? It had to be a little bit challenging I would think.

Smital: In some ways it is a very male-dominated business. There’s no question about it. When I was interviewing for it, when I joined the team at my level I was the only woman. As I progressed it was going to get even shorter and shorter and somebody who has a family that was even a very small percentage of women that were there. I remember when I had my first child and went back to work within a few weeks, there wasn’t even a mom’s room but all glass offices. So there were all those kinds of things that you had to look through.

But there is sort of a part of me when I think about these challenges that I don’t look at them at all, and maybe consciously or subconsciously just ignore it. I focus on my content and that’s just what drives me. So I almost sort of ignore the challenges to kind of get through it, and then I have a sense of humor about it too.

Taren: I think a sense of humor takes you a long way. But is it maybe just not even ignoring, but you just overcame them and not even thought of them as obstacles because it was just something there that you had to work with.

Smital: Yeah absolutely, I think that’s probably right. That’s probably that subconscious part of it where you kind of know what you have and you deal with it and you look for a path forward and you don’t really focus on them as challenges but really be part of the solution.

Taren: Absolutely. We’ll get into that investment banking experience a little bit later on. But I’d love to hear about what you’re doing now at ProQR. Working for a rare disease company takes a little bit of an entrepreneurial spirit which you come by naturally from your parents and a whole lot of passion. So what inspired you to join the company?

Smital: That’s a great question. I actually think that working for a rare disease company it’s hard not to be passionate. It’s hard not to be inspired just simply from the environment you’re working in. I think ProQR is actually very special in my opinion in that sense, even from the roots of it. So one of the co-founders was Henri Termeer, he was the first one who actually made rare diseases a very successful business in starting a company and building a company like Genzyme which then got bought by Sanofi. He was a very strong advocate for patients until the very end and he was on our board and brought that perspective to our board.

You combine that with our founding CEO, Daniel de Boer, he actually has a child with a rare disease. That's part of the reason this company got founded and it's in a way in our DNA – or I should say RNA because we focused on RNA-based therapeutics at ProQR, and we are targeting rare genetic diseases that affect people's eyes. That's what we do. So it really starts at the top for us in that sense.

And then even though you work in business, you work in finance on a day-to-day basis you might be dealing more with the numbers one day, the business strategy another day. But then when you come back and you have a clinical trial and you hear these patient testimonials that really impacts you at every level. So for instance, our first drug which is called Sepofarsen; it's for a rare genetic disorder where these kids lose their eyesight in the first decade of life and then most of them go to a point where they have no light perception at all; so it's basically lights out. We are studying this now in what we think will be the final trial required before approval if it all works.

But in the first trial that we did in patients, we had several patients who had a substantial benefit and two of them actually told their story which was powerful. So one of them actually spoke to the company and he described how his life was and how it changed from when he was a kid, how he had to then stop going to school, how he loved hockey but then he had to stop playing it, and just that slow progression into kind of darkness. He got treated in one of his eyes with that drug and then he could read signs at the airport. He called excitedly his doctor. His parents said, "we've never seen him so excited, he's like a child again." And we also heard later that he got back on the ice.

A second patient, this was very recent actually which was aired in a Canadian interview in one of their news channels about another patient who had a similar experience and it was really sweet. He said he saw his wife after a long time and he remembers her to be as pretty as he just saw her. So that was kind of sweet.

So again, when you hear all that, you combine that with the roots of where we come from, it's really hard not to be passionate every day.

Taren: I would think so. Those are great stories. And it does, it's so uplifting because in drug development we know it's so fraught with failure that when you hear those inspirational accounts of how a medicine has changed somebody's life, it really does provide you with that giddy up in your step, so to speak.

Smital: You are spot on.

Taren: So let's talk about some of the international aspect that you can bring to the company. You work with international investors, you have an international background.

How does that give you a different perspective on the company and your role in the company?

Smital: It does, I would think so. So as I mentioned, I grew up in India and a very different environment. It's a very competitive environment. You kind of have to fight and work hard for everything you get, even when you enter school. So when I was an aspiring engineer there are thousands of kids and hundreds maybe fewer spots. You have at the time this national ranking or the teacher state ranking and you get to pick out of what's left based on the number you have in the line. And then many get left behind because there aren't enough spots. It's even more challenging for women, like my parents were different. But I know some of my cousins who are women who didn't get to go to school because their brothers had to go to school because of the limited resources.

So you learn very early on that you can't take things for granted. You have to really work hard for what you do. And that does translate into everything I do at my job, what I teach my kids even, and what I expect from people working around me.

So that's kind of what brings that aspect that's stayed with me. And when I hear about the US that was a very interesting change for me. I grew up watching movies and shows and one of my favorite shows that had started airing on TV when TV first came to India was *Beverly Hills, 90210*. I loved it, just everything about it. But when I came to Virginia Tech which is a sleepy little town on the west side of Virginia, it was very different. It was not Beverly Hills, 90210 at all.

Taren: No.

Smital: Southwest Virginia is not that. So it taught me kind of how to adapt and actually have to adapt really quickly. And that also is something that sticks with me from that experience in how you do that. I would say working for a European or a Dutch company maybe not as much of a shock but there are still a lot of things that you learn and have kind of changed the way I do things.

The US and India tend to be a lot more, I would say for the lack of a better word, hierarchical in how we do make decisions. In the Netherlands that's not true. It's very consensus-driven. In fact, they say the best decision is the one where nobody's happy because everybody's come to some consensus. Because whether it's the CEO or the junior most analysts on your team, they have an opinion, they want to be heard. And that does allow you to work in a different way. So to be able to take that but still be able to make decisions and not get into just building consensus or an analysis paralysis situation.

So yeah, it has all of these experiences, as you said, which are international have shaped who I am and how I do my work.

Taren: Actually looking at all the different cultural perspectives, it does give you a bigger sense of the world than 90210 or west side of Virginia. So working again with these international investors, what are some of the biggest lessons you've learned? How do you approach them in a way that allows you to tell the story in order for them to open their pocketbooks?

Smital: Really good question. In a way, I want to say that I think each investor is different, whether it's on this side of the pond or that side of the pond, and you do have to tailor your approach to different investors, as you said, to open up the pocketbook. But if I sort of generalize across let's say US and Europe which is where primarily at least ProQR's investors are, I think two things stand out for me. One is that the European investors tend to be a lot more long-term minded and as a result, they don't really care about the short term sort of volatility that comes with "riskier companies" like ours which are early stage by definition. So they tend to take that. As a result, a lot of European companies have come to the US to get listed on the Nasdaq and NYSE and raise money here because they're really early stage for any European investor to really build that relationship over time and actually come in at a later stage.

So in that sense, our approach at least with European investors is to get to know them, spend time with them every chance you get with the schedule allowing, and recognize that they may not be someone who might open the pocketbook today, but drug development is a long-term business, you need capital at every different stage of your growth and know that they could come in at a much later stage and fund the company. And at that time, they will have a really long-term oriented view of you as well which is a huge plus. So that's kind of how we approach some of these international investors.

Taren: That's awesome, thank you for sharing that. You have been with the company through a couple of management changes, what's kept you there? I know that you're inspired by the science, but what do you attribute your success to as you have moved up the ranks?

Smital: Change can be very difficult, whether it's going to a new company or changes that occur within your company, but it almost always presents some opportunity. And it kind of applies to everything, not just my path at ProQR, which I do now feel very tremendously rewarded and I feel it's a very rewarding and successful experience for me now. But it didn't always feel like that when all of those changes were occurring.

So I mean, through any change again, firstly, you have to give it time. I think time is one key thing. Because if you make a very quick decision, you might not even have all the information or your understanding might not be complete as to really what that change means. And sometimes it can be actually a good thing. So I definitely went through that

and I do give that time. Once you have given it time, of course things could settle out, but you may realize that things are not ideal and sometimes suboptimal. I've been through that as well and there was a point at which I was at a real crossroad at my journey at ProQR where there was a really interesting opportunity that I could have gone down towards. But this is where I think kind of how my personality has helped, I would say, because I don't like the sense of sort of giving up once you've sort of identified what the issue is. As I told you, you can look at something as a challenge and identify it that most people can do I would think, but to work through those and to be part of the solution, that's something that I thrive on. So it really does give me energy to go through that.

So when all of those changes were occurring, that's really the approach I took. And as I said, it almost always presents opportunity which it did. So when all of those changes happened, there were a lot of roles that somebody needed to do them and I picked them up. And that's kind of what has led to, in some ways, my expansion in the roles that I've had at ProQR, which started out with looking at finance but now sort of oversee all of the business functions.

Taren: I love it. So it's perseverance and keeping your eye on the prize and being open to new opportunities as they're presented which sometimes takes a lot of courage.

Smital: It does and when you're going through it, it doesn't always feel like it's going to end up then. Sometimes it doesn't, so you also need to know how to change the situation you are in, if it's not going to change around you.

Taren: Absolutely. I know that ProQR has a patient-first approach. How do you help promote that within the company?

Smital: I think for us now we've always done a lot of things consciously, but it's almost subconscious to our company in a way. I told you about Henry and our CEO, so it really does start at the top and the kind of decisions we make and it spans a lot of different areas. Some of the patient exposure that I mentioned to you earlier, we always let our employees that even if you're a person who's booking journal entries and finance you're making a difference to those. So hearing patient voices is very much part of what we do. We actually do that in drug development too.

So we had started talking to patient organizations even before the program went into the clinic and consistently, we heard on those panels and ad boards that this is the earliest that anybody has engaged them in drug development. Many people do that once you are already in the clinic have data. Which they thought was very unique and it did help us in building the right endpoints in our trial. So it has benefits. Even our business cards, they

have Braille on it. So even if it's a visually impaired person can kind of go to our website, and we're also revamping our website to make it more friendly for them.

So it spans across all these areas which then translates into how even everybody at their respective level makes decisions. So for instance, in one of our clinical trials, generally clinical trials are very expensive; as a result, some companies may allow patients to bring companions with them. Some companies do not because it does add cost to it. So in one of the cases, the parents asked of a child who was in the trial saying, 'hey, we both want to come for the trial, not just one of us.' And that didn't even rise to the management team level; even at the team level they felt empowered that they could make that decision because that was the right thing to do for the kid who might want both their parents when they are going through a clinical trial. So it does kind of come from the top but then we do empower everybody to make decisions to keep that patient aspect in mind.

Taren: That's awesome. I love those examples. I love the facts that your business cards have Braille on them. What a thoughtful consideration. And I love that you empower your teams to be able to make the best decisions for your patients. That's great.

Smital: Thank you.

Taren: Let's switch tacks a little bit here. As a CFO and as somebody who's in charge of business operations, you have your finger on the pulse of what's happening within the biotech industry. What are some of those trends that you're tracking, financial or otherwise?

Smital: I think we're in an unprecedented time in that sense, a lot of people have called it the golden age of biotech – they're not my words, but I fully agree with it. I think there are a few things that are driving it, as you said, from both sides. At the crux of it is that we are in a time of unprecedented innovation in biotech. A couple of decades ago if you could tell people we can alter your gene such that your disease could just get taken away, that was not something that looked as feasible as it is now today with so much work going on in altering gene function, changing genes to the RNA efforts that we do where you can modulate every protein in your body in a way. And you can target so many diseases that you couldn't earlier and improve the quality of life but also increase lifespan. So I do think that's a really key aspect of why we are where we are in biotech.

I think the second thing is we are also at the very start of a cusp I feel where health sciences is crossing high tech. So you see that with so many partnerships across the tech and high-tech lines and with the goal ultimately which will change biotech in a very positive way, I think, is to really come up with efficient development paths. You know drug development is expensive, it takes long years. The predictability is not that high. I think that's what's going to change.

We at ProQR are also making a lot of effort into it to really generate what we call translational models which can predict what we do in the lab to what we can do in the clinic with the Holy Grail in mind we're not very far from it. But could we then develop a single drug for a single patient who has single mutation; so almost like an N equal to one (n=1) development strategy. And now this is feasible when you look at bringing in these kinds of tools that will allow you to do that. So I do think that will continue to drive innovation here.

Then on the financial side...

Taren: I was going to say, we touch base on that, that developing one drug for one patient at a time is really quite a groundbreaking concept...

Smital: It is.

Taren: ... and it's something I heard at the Global Genes Conference actually last year which also is a rare disease organization. I thought, "wow, is that really where we are." So I love to hear that you think we're on the cusp of that as well. It's exciting.

Smital: It is very exciting. There's a lot of wood to chop, so you can't get carried away. The idea is there. Now we have the tools. I think we'll make it happen. How much time it will take, I don't know yet. But yes indeed, that's now sort of become the goal ultimately to do that.

And you asked about the financial piece, and this is a really big part of why we can fund the innovation. Now when you look at pharma companies, they've typically had the model for at least the last some time, which is rising and rising is that they kind of outsource innovation by acquiring companies that are innovative. And you see that like even in 2019 there was probably announced transaction value of the M&A that were done were almost 250 billion in one year which is at a 10-year high.

Taren: That's a lot of money.

Smital: It is a lot of money and you're seeing that trend continuing to go up. But because that's happening, there's a lot of inflow of investors and capital that wants to be invested in it to make those returns. So when you think about in the last five years even, there's probably about 150 billion in IPOs and follow on that have been put into this, which has created this perfect storm of a bull cycle that we're in and as I come back to the golden age of biotech. But let's see how far that goes, and hopefully it will continue as the innovation continues.

Taren: Do you think with so much money at the table that the expectations for returns are even higher now?

Smital: Yeah, that's just how we all are. If you get this return, the next year you want more and then the next year you want more. So I think part of it is just fundamental to how we are in terms of looking at progress. I think and I hope that the appetite – that the desire for return goes down as we potentially mitigate risk.

So part of the reason why the return expectation is high is because this business is just so risky. Even when you see these kinds of anecdotes of patients you still don't know with certainty that this drug is going to make it to patients. So there is still a lot of risk in the business, so that does have expectations of outside return. But hopefully as we move the industry to getting into lower risk, I hope that the expectation of return also comes down with it.

Taren: Well you have me optimistic, so that's a good thing.

Smital: You gotta be in this business.

Taren: You do have to be optimistic in this business, that is for sure. Earlier on we talked about some of your time in the investment industry and you have to know that you're a role model out there for so many women who are either looking at finance or who are looking to get into the C-suite. What does it mean to you to be a role model and do you consider yourself to be a role model?

Smital: I do agree that I do think that women have a lot of challenges to kind of get to... they're generally underrepresented as you go up and up and up. And you now see that there are a lot of efforts being made to change that externally, like the lean-in movements, the California mandate for board – even investment banks saying we are not going to work with companies who don't have them on boards, to really provide that gender and other diversity, I would think. So there is a lot of that and it does come from a lot of challenges that women face.

I mentioned to you about like my cousins who are girls who couldn't go to school because their brothers had to. And then you see that even as you come into the workforce there's a lot of parity at the start of it, but as you move forward because the gender expectations which I think is much more in Asia. So a friend of mine in Singapore said, 'I have to go home because although my husband wants to go pick up the kids cannot because that's looked upon badly. But it's okay if I do it because that's expected.' So it creates all these things which are not working for you. And in many cases women don't even have supportive spouses to do that.

So I have to say, I have been really lucky as you talk about the challenges where I had parents who were very supportive. We were four girls. I have three younger sisters. My dad passed away early so my mom took care of the family business, raised us, and it was an expectation for us that we have to, you have to be self-sustaining. My husband is the most supportive guy when I first took the job at ProQR. I said there's going to be a lot of travel. My daughter was just under a year old at the time. My son was just 4 and he's like, "you know what, you like it. It looks like a great opportunity. We'll figure it out together." And we have.

So I do feel that I was very fortunate in that sense where a lot of all these factors that can be really major challenges for many women, I didn't have to face. And then combine that with the fact that sometimes I subconsciously don't even look at challenges and just go through it. I wouldn't call myself a bull in a china shop, but I just followed through, that has helped. And I do encourage women as they think about all these different components of their life, some they can change and some they cannot, to focus on those, to really do that. And then help each other where you can to move that agenda along, and I hope with all this external stuff that also helps that.

Taren: Agree. So it's not about just being the only one in the path; it's widening the path for more women to come along. I agree with that. You said your mom had wanted you all to be self-sustaining and that's obviously through the personal tragedy of losing your father at a young age. But what an important moment for you all and your sisters to be able to see what it takes to make your way in the world and you watched your mother do that.

Smital: Yeah absolutely. She is, in that sense, a role model for us whether she wanted to be or not. We as a family, as a result, are very close. So as I said, any tragedy also creates an opportunity and I do think it's helped our family in other ways. Although you can't ever substitute the loss of a parent but we've come out much better on the other side.

Taren: Excellent. And you said you've been fortunate, but I also think you chose a partner who was going to be supportive. So I think that, yes a lot of women don't have partners who might do the things that your husband is doing to support your career but you chose wisely as well.

Smital: Yes. I have to tell you this anecdote, I just thought of it. We were at Berkeley business school. We went to school together. He had gone to meet Warren Buffett in Omaha with a few groups of kids. And all these young MBA kids were asking him, "what's the most critical career decision that you made that allowed you to be who you are today?" And he said, "I want to say that it is a career decision but the most important decision you'll ever make is who you choose in a spouse. Because they can really either

help you shine or can really hold you back. So it is one of the most critical decisions you'll make in how you succeed.'

Taren: Agreed. Look at Warren Buffett, he knows something.

Smital: Yes.

Taren: As you moved up the ranks into the C-suites, do you have any advice to women beyond some of the pointers you've already given, in terms of what they need to do to prepare themselves to take on a role?

Smital: I don't think it'll come as a surprise and I don't want to be cliché about it at all, but I do see that in my friends who I talk to one of the senior VPs at one of the tech forums and I was encouraging her to get and go for the CMO role that she thought about, to talking to some of the VPs at ProQR. It is absolutely true that when a woman looks at the job qualifications that she's applying for versus how a man looks – I'm generalizing now – the woman will try to check all the boxes before she will apply for that job. Whereas a man – and they've done studies to show that – that even if they meet 50 percent of the criteria, they think they're qualified for the job and will jump into it.

So I do think confidence is a very, very big part of it. It comes from all of these other things that we just talked about. But I would say you sometimes just got to take the plunge and you might not be fully qualified but make yourself. Women I think are very good at also self-introspecting. So for instance, when I first took the job and I was a first time CFO, I leaned on a lot of other CFOs and I went and spoke to so many of them. I was like, 'okay how did you do this? How did you do that?' And then I came to whatever I was going to do. But I was nervous about it being my first role in an international company and being in the situation that I was even from a gender diversity perspective, but I prepared myself. It didn't stop me from first taking the role.

So I do think that... I love movies too, and I know it comes from an old Latin poem, but I learned it from the movie called *Dead Poets Society*, I don't know if you've seen it. It's a Robin Williams film where he's helping these kids and the word, *carpe diem* (seize the day) it stuck with me. Me and my sisters actually watched that movie together 20 years ago now – and if there's one key message, then I would say that's it.

Taren: *Carpe diem*, I love it. Yes, take charge, seize the day, and move forward. That's awesome advice. Finally, can you tell me about a wow – because this is our Woman of The Week WoW moment, that changed the trajectory of your career or an experience that has stuck with you that's been meaningful?

Smital: I wish it were that dramatic and really that wow change, but I can't think of anything like that but I can maybe talk to you about two broad things that have helped me maybe.

I think one is the ability to adapt and put yourself when you came to a different country, a different culture, and being able to navigate through that. So my move to the US in a way did change a lot of who I am from what I was before to what I am today. So it happened over a period of time but it certainly was one of those moments.

I think the second one and that's as you said, what can you remember that really makes you think that that changed it. I do think it was the building of that confidence that I just told you and I'll tell you an example of it. So when I went to business school as I said, and then I wanted to get into investment banking, I was interviewing for a lot of roles but there were a few things stacked against me to actually get that role. It was not the most attractive career for women in general as we talked about. I was probably two or three years older than the average associate because I had a previous graduate degree as well. Most people get into it through an internship which I didn't apply for because I was doing school and work at the same time, so I couldn't do an internship in the summer. And then when I spoke to a friend who introduced me to one of these major firms and when that person spoke to me they said, "no way. She does not come across as very articulate or polished or confident and with all of that we wouldn't ever put her in front of clients." I took that feedback to heart. Over the next four months, over the summer, I spoke to over 40 bankers at every different firm very methodically, targeting each of them, learning about their background even before I went to talk to them, had absolute sense of what I wanted from that sort of interview or informational and what I wanted to get out of it, and that gave me so much confidence to speak and change these little things.

And coincidentally, I ended up interviewing with that same guy that I'd spoken to because he was the guy who came on campus to interview and they had picked my résumé. So walking into it, I was like, "oh cool. I get a chance to redo this." And I have to say I nailed that one because he called me right after that interview and said he was very impressed because I sounded so different. But also that I took the feedback to heart and changed what I needed to change and I got that job, my first job in investment banking which then led me to my career today.

Taren: I would say that's a wow. That's amazing. First of all, to be vulnerable, to be open to that kind of constructive criticism takes a tremendous amount of strength because not every person would do that. They might just crawl up into a fetal ball and be done. But you took it and wore it like a mantle into a campaign. It's amazing to hear that story and to come out on the other end which then launched your career. That's amazing. Thank you so much for being part of our WoW podcast program. I so have enjoyed

getting to learn about you and your story and truly how inspiring you are. So thank you so much.

Smital: Thank you so much. It really is a pleasure and I really appreciate your effort and your thoughtful questions. I look forward to continuing the dialogue.

Thank you for listening to this episode of WoW, the Woman of the Week podcast series. And thanks again to Diaceutics for sponsoring this episode. For more information, visit diaceutics.com. And don't forget to check out our other episodes at pharmavoices.com/wow.