


BUY

TARGET PRICE : 4,21€  +269%

2022 UNAUDITED NET PROFIT + FINANCIAL TRANSACTION OF €2M

€2M FINANCING WITH LOCK-UP PERIOD TO STABILISE THE SHARE PRICE

TME Pharma has reported stable 2022 earnings (unaudited) vs. 2021 with a cash position at end-2022 of €4.6m, providing financial visibility out to September 2023. To extend its financial horizon to December 2023, the company has set up a financing transaction of €2m. The operation provides an original structuring aimed at stabilising the share price, especially by ending the reliance on convertible bonds, which ought to reduce pressure on the share price. Note that the transaction introduces a lock-up clause of around six months maximum, and all newly created shares under the framework of this operation will be delivered to blocked accounts managed at the discretion of a single intermediary, Invest Securities.

Jamila El Bougrini
+33 1 44 88 88 09
jelbougrini@invest-securities.com

Thibaut Voglimacci-
Stephanopoli
+33 1 44 88 77 95
tvoglimacci@invest-securities.com

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€2m financing: extending financial visibility to December 2023.

The company has announced the success of a €2m financing transaction that should help extend its financial visibility to December 2023. The move to strengthen its cash pile will also enable TME Pharma to continue its Ph I/II Gloria trial assessing the combined therapies using NOX-A-12 in patients suffering from recently diagnosed brain cancer (glioblastoma).

In detail, the financial transaction is made up of:

1. €1m in equity financing at a price of €1.04 per share with a group of new investors (unconditional and irrevocable under the framework of a private placement),
2. €1.08m draw-down under the framework of the agreement with Atlas Special Opportunities, LLC (ASO) via the issue of 1,100 convertible bonds,
3. the conversion of €2m (~48%) in convertible bonds owned by ASO in newly issued shares at the conversion price of €1.04 per share, reflecting the current nominal value of shares and the minimum price at which the shares can be issued),
4. a soft lock-up period for a duration of six months for all shares issued under the framework of this transaction,
5. a lock-up period for all the remaining convertible bonds for a duration of six months in exchange for interest during this period.

Under the framework of this operation, the company will not draw other tranches of the CB scheme initially put in place in April 2020 with ASO and the agreement previously concluded has now been ended, except for the CBs that have already been issued. TME Pharma is also studying options to buy back the remaining convertible bonds, as the agreement allows, in order to prevent the conversion of shares and participate in improving the capital structure with the aim of stabilising the share price.

An original structuring aimed at stabilising the share price

To enable a relative stabilisation in the TME Pharma share price, all of the newly created shares for ASO and new investors will be delivered to block accounts managed only by Invest Securities, for the soft lock-up period of six months. Invest Securities is to manage all sales at its discretion during the soft lock-up period for all investors, by taking into account various factors such as market prices and volumes. The principles

Invest Securities and the issuer have signed an analysis services agreement.

in € / share	2022e	2023e	2024e
Adjusted EPS	-21,88	-7,29	-9,09
chg.	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<i>estimates chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
au 31/12	2022e	2023e	2024e
PE	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
EV/Sales	8,9x	124,3x	282,0x
EV/Adjusted EBITD	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
EV/Adjusted EBITA	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
FCF yield*	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Div. yield (%)	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>

* After tax op. FCF before WCR

key points			
Closing share price	18/04/2023		1,14
Number of Shares (m)			2,4
Market cap. (€m)			3
Free float (€m)			3
ISIN			NL0015000YE1
Ticker			ALTME-FR
DJ Sector			Health Technology
	1m	3m	Ytd
Absolute perf.	+3,8%	-8,6%	-6,1%
Relative perf.	-0,4%	-8,3%	-12,9%

Source : Factset, Invest Securities estimates

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73, bd Haussmann - 75008 Paris
T : +33 (0)1 80 97 22 01
invest-securities.com

taken into account in share sales include increases in the share price relative to the transaction price and trading volumes. Eventual sales will be executed on a pro-rata basis for the participation of investors who would like to sell. In the six months following the transaction, the ability for investors to freely sell their shares will be restored.

TME Pharma has also made commitments to investors that have participated in the transaction, agreeing to:

- a three-month abstention period as of the transaction date, during which the company will not issue shares except under certain conditions, including for example the issue of new shares at a price of more than €2.50 per share,
- consent by Invest Securities, which may be granted at its discretion,
- preserving its operating continuity prognosis, or honouring its commitments taken under the framework of its share incentive plans,
- TME Pharma will undertake no further disbursements on the existing CB facility.

When the transaction is closed, assuming the price remains at €1 per share, convertible debt will have fallen from €3,107m (or 127% of the capitalisation) to €2,107m (or 42% of the capitalisation). Finally, dilution resulting from the transaction could reach 46% by integrating the new investment and the conversion of CBs associated with the transaction.

2022 unaudited results: cash at end-2022 of €4.6m

The bottom line was fairly stable at -€15.1m in 2022 vs €14.5m in 2021. Operating income totalled €34k in 2022 vs €82k in 2021. Operating expenses were down slightly given the priority placed on developing the programme in glioblastoma and the suspension of other R&D projects: €12m vs €13.3m. Financial income was lower: €303k in 2022 vs €314k in 2021, primarily due to the adjustment of ASO conversion rights. Meanwhile financial expenses increased in 2022: -€3.4m vs -€1.5m due to losses on the initial booking of ASO convertible bonds, conversion losses and derivatives on conversion rights. Financial expenses had no impact on the cash pile, with the exception of the transaction costs stemming from the CB emissions (€122k in 2022 and €47k in 2021).

With a cash pile of €4.6m at end-2022, TME Pharma had financial visibility out to September 2023 (prior to the transaction, now extended to December 2023 with the €2m financing). Net cash used for the operating activities totalled €12.1m in 2022 vs €12.4m in 2021.

The audited accounts will be published in the few coming days.

Newsflow to watch in the short term

- June 2023: participation in the ASCO congress – 15-month survival in the RT/NOX-A12/beva arm in GBM – Ph I/II GLORIA + biomarker data
- 2023: discussions with the FDA and the EMA to validate the design of a randomised and controlled Ph II trial vs SoC – combo RT/NOX-A12 with our without beva. Launch planned for end-2023.

FINANCIAL DATA

Share Information	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Published EPS (€)	-6,71	-2,54	-2,70	-0,08	-0,32	-0,26	-21,88	-7,29	-9,09
Adjusted EPS (€)	-6,71	-2,54	-2,70	-0,08	-0,32	-0,26	-21,88	-7,29	-9,09
Diff. I.S. vs Consensus	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Dividend	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1,00

Valuation ratios	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
P/E	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Sales	87,92x	144,40x	8,60x	10,69x	-47,14x	-26,88x	8,86x	124,31x	281,99x
EV/Adjusted EBITDA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Adjusted EBITA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Op. FCF bef. WCR yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Op. FCF yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

NB : valuation based on annual average price for past exercise

Entreprise Value (€m)	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Share price in €	22,0	15,6	1,14	1,14	1,14	1,14	1,14	1,14	1,14
Market cap.	45	36	3	3	3	3	3	3	3
Net Debt	0,6	1,9	0,5	0,2	-9,7	-6,7	-1,5	15,5	36,7
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,0
Provisions/ near-debt	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
+/- Adjustments	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,0
Entreprise Value (EV)	46	38	3	3	-7	-4	1	18	41

Income statement (€m)	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Sales	1	0	0	0	0	0	0	0	0
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Adjusted EBITDA	-8	-5	-4	-4	-6	-14	-28	-12	-16
adjusted EBITA	-9	-5	-4	-4	-6	-14	-28	-12	-16
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBIT	-9	-5	-4	-4	-6	-14	-28	-12	-16
Financial result	-2	-1	-6	3	-5	-5	-5	-5	-5
Corp. tax	0	0	0	0	0	0	0	0	0
Minorities+affiliates	0	0	0	0	0	0	0	0	1
Net attributable profit	-11	-5	-11	-1	-10	-19	-33	-17	-20
Adjusted net att. profit	-11	-5	-11	-1	-10	-19	-33	-17	-20
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

Cash flow statement (€m)	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA	-8	-5	-4	-4	-6	-14	-28	-12	-16
Theoretical Tax / EBITA	0	0	0	0	0	0	0	0	0
Capex	0	0	0	0	0	0	0	0	0
Operating FCF bef. WCR	-8	-5	-4	-4	-6	-14	-28	-12	-16
Change in WCR	1	0	0	0	0	0	0	0	0
Operating FCF	-7	-5	-4	-3	-6	-14	-28	-12	-16
Acquisitions/disposals	0	0	0	0	0	0	0	0	0
Capital increase/decrease	7	3	8	1	14	16	28	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
Other adjustments	-2	-1	-6	3	-5	-5	-5	-5	-5
Published Cash-Flow	-2	-3	-3	1	3	-3	-5	-17	-21

Balance Sheet (€m)	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
Assets	0	0	0	0	0	0	0	0	0
Intangible assets/GW	0	0	0	0	0	0	0	0	0
WCR	-2	-2	-2	-2	-2	-2	-2	-2	-2
Group equity capital	-2	-4	-3	-2	8	-6	-11	-28	-50
Minority shareholders	0	0	0	0	0	0	0	0	1
Provisions	0	0	0	0	0	0	0	0	0
Net financial debt	1	2	0	0	-10	-7	-1	15	37

Financial ratios	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e
EBITDA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBITA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Adjusted Net Profit/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ROCE	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ROE adjusted	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Gearing	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ND/EBITDA (in x)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

Source : company, Invest Securities Estimates ies Estimates ies Estimates

INVESTMENT CASE

NOXXON is a biotech company with an oncology-focused portfolio. The two products it has developed to date—NOX-A12 (glioblastoma, as well as metastatic pancreatic and colorectal cancer) and NOX-E36 (solid cancers)—are designed to break the tumor protection barrier and block tumor repair by neutralizing chemokines in the tumor microenvironment (TME). Its clinical approach is unique and can be used in combination with other therapeutic approaches, notably radiotherapy and immunotherapy, to weaken tumor defenses against the immune system and enable greater therapeutic impact.

SWOT ANALYSIS

STRENGTHS

- ❑ An innovative approach within the IO space
- ❑ Partnership with Merck for brain cancer
- ❑ Drugs that target indications with little competition

WEAKNESSES

- ❑ Relatively early-stage pipeline
- ❑ Need for additional financing within a year

OPPORTUNITIES

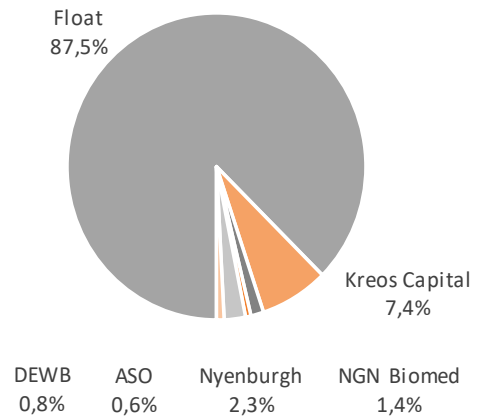
- ❑ Combination drug trials
- ❑ Possibility of new partnerships
- ❑ Significant M&A activity in the field

THREATS

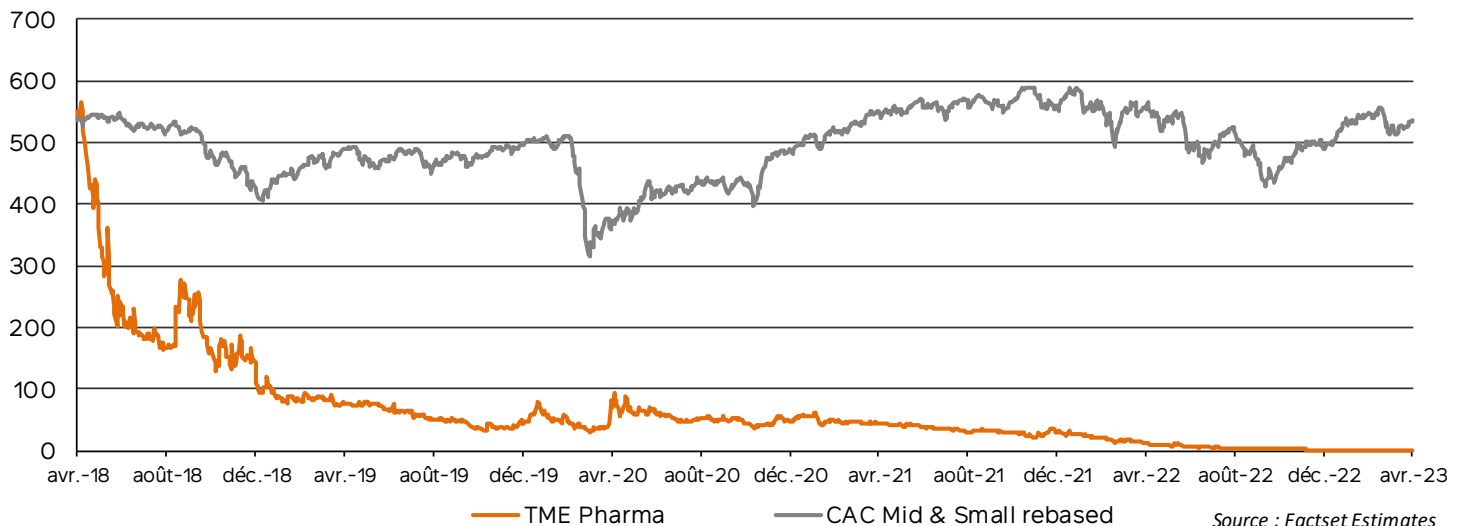
- ❑ Regulatory and clinical risks
- ❑ Legal risks
- ❑ Commercial risks

ADDITIONAL INFORMATION

Shareholders



SHARE PRICE CHANGE FOR 5 YEARS



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TARGET PRICE AND RECOMMENDATION

Our analyst ratings are dependent on the expected absolute performance of the stock on a 6- to 12-month horizon. They are based on the company’s risk profile and the target price set by the analyst, which takes into account exogenous factors related to the market environment that may vary considerably. The Invest Securities analysis office sets target prices based on a multi-criteria fundamental analysis, including, but not limited to, discounted cash flows, comparisons based on peer companies or transaction multiples, sum-of-the-parts value, restated net asset value, discounted dividends.

Ratings assigned by the Invest Securities analysis office are defined as follows:

- BUY: Upside potential of more than 10% (the minimum upside required may be revised upward depending on the company’s risk profile)
- NEUTRAL: Between -10% downside and +10% upside potential (the maximum required may be revised upward depending on the company’s risk profile)
- SELL: Downside potential of more than 10%
- TENDER or DO NOT TENDER: Recommendations used when a public offer has been made for the issuer (takeover bid, public exchange offer, squeeze-out, etc.)
- SUBSCRIBE or DO NOT SUBSCRIBE: Recommendations used when a company is raising capital
- UNDER REVIEW: Temporary recommendation used when an exceptional event that has a substantial impact on the company’s results or our target price makes it impossible to assign a BUY, NEUTRAL or SELL rating to a stock

12-MONTH HISTORY OF OPINION

The table below reflects the history of price recommendation and target changes made by the financial analysis office of Invest Securities over the past 12 months.

Company Name	Main Author	Release Date	Rating	Target Price	Potential
TME PHARMA	Jamila El Bougrini	27-mars.-23	ACHAT	4,2	+310%
TME PHARMA	Jamila El Bougrini	11-nov.-22	ACHAT	16,1	+381%
TME PHARMA	Jamila El Bougrini	15-juil.-22	ACHAT	0,2	+220%

DETECTION OF CONFLICTS OF INTEREST

	TME PHARMA
Invest Securities was lead manager or co-lead manager in a public offer concerning the financial instruments of this issuer during the last twelve months.	No
Invest Securities has signed a liquidity contract with the issuer.	Yes
Invest Securities and the issuer have signed a research service agreement.	Yes
Invest Securities and the issuer have signed a Listing Sponsor agreement.	No
Invest Securities has been remunerated by this issuer in exchange for the provision of other investment services during the last twelve months (RTO, Execution on behalf of third parties, advice, placement, underwriting).	No
This document was sent to the issuer prior to its publication. This rereading did not lead the analyst to modify the valuation.	No
This document was sent to the issuer for review prior to its publication. This rereading led the analyst to modify the valuation.	No
The financial analyst has an interest in the capital of the issuer.	No
The financial analyst acquired equity securities of the issuer prior to the public offering transaction.	No
The financial analyst receives remuneration directly linked to the transaction or to an investment service provided by Invest Securities.	No
An executive officer of Invest Securities is in a conflict of interest with the issuer and was given access to this document prior to its completion.	No
Invest Securities or the All Invest group owns or controls 5% or more of the share capital issued by the issuer.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net long position of more than 0.5% of the issuer's capital.	No
Invest Securities or the All Invest group holds, on a temporary basis, a net short position of more than 0.5% of the issuer's capital.	No
The issuer owns or controls 5% or more of the capital of Invest Securities or the All Invest group.	No

Invest Securities's conflict of interest management policy is available on the Invest Securities website in the Compliance section. A list of all recommendations released over 12 months as well as the quarterly publication of "BUY, SELL, NEUTRAL, OTHERS" over 12 months, are available on the Invest Securities research platform.

MANAGEMENT

Marc-Antoine Guillen
CEO

+33 1 44 88 77 80
maguillen@invest-securities.com

Jean-Emmanuel Vernay
Managing Director

+33 1 44 88 77 82
jevernay@invest-securities.com

Anne Bellavoine
Deputy Managing Director

+33 1 55 35 55 75
abellavoine@invest-securities.com

Pascal Hadjedj
Deputy Managing Director and
Head of Primary Market Sales

+33 1 55 35 55 61
phadjedj@invest-securities.com

EQUITY RESEARCH

Maxime Dubreil
Head of Equity Research

+33 1 44 88 77 98
mdubreil@invest-securities.com

Stéphane Afonso
Financial analyst, Real Estate

+33 1 73 73 90 25
safonso@invest-securities.com

Bruno Duclos
Financial analyst, Real Estate

+33 1 73 73 90 25
bduclos@invest-securities.com

Jamila El Bougrini
Financial analyst,
Biotech/Healthtech

+33 1 44 88 88 09
jelbougrini@invest-securities.com

Benoît Faure-Jarrosson
Senior Advisor, Real Estate

+33 1 73 73 90 25
bfaure-jarrosson@invest-securities.com

Christian Guyot
Financial analyst, Retail &
Luxury Goods

+33 1 80 97 22 01
cguyot@invest-securities.com

Jean-Louis Sempé
Financial analyst, Automotive

+33 1 73 73 90 35
jlsampe@invest-securities.com

Thibaut Voglimacci-Stephanopoli
Financial analyst,
Medtechs / Biotech

+33 1 44 88 77 95
tvoglimacci@invest-securities.com

TRADING FLOOR

Raphael Jeannet
Institutional Sales

+33 1 55 35 55 62
rjeannet@invest-securities.com

Edouard Lucas
Institutional Sales

+33 1 55 35 55 74
elucas@invest-securities.com

Ralph Olmos
Institutional Sales

+33 1 55 35 55 72
rolmos@invest-securities.com

Kaspar Stuart
Institutional Sales

+33 1 55 35 55 65
kstuart@invest-securities.com

Frédéric Vals
Institutional Sales

+33 1 55 35 55 71
fvals@invest-securities.com

CORPORATE BROKING & ISSUER MARKETING

Thierry Roussilhe
Head of CB & Issuer Marketing

+33 1 55 35 55 66
troussilhe@invest-securities.com

Fabien Huet
Liquidity

+33 1 55 35 55 60
fhuet@invest-securities.com