INVEST SECURITIES

BIOTECH

TME PHARMA

BUY

TARGET PRICE : 4,21€ +152%

NEWSFLOW – mOS AT 17 MONTHS IN GBM

ACCUMULATION OF PROOF AND EXCELLENT DATA

This morning, the company has published median overall survival results (mOS) at 17 months for patients in the Phase I cohort assessing the combination of NOX-A12/radiotherapy/bevacizumab in the treatment of non-methylated MGMT glioblastoma after incomplete surgery. At 17 months' follow-up, the median overall survival rate has still not been reached, with four out of the initial six patients in the cohort still alive, demonstrating extremely promising efficacy compared with other treatments currently being evaluated or approved in this indication. Two-thirds of the cohort (67%) are still alive, with an unprecedented overall response rate (ORR) of 83% compared with an ORR of less than 10% for all other comparable treatments. We reiterate our Buy recommendation with a TP of €4.2.

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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17-month threshold exceeded: mOS set to reach a record duration_

This morning, TME Pharma has reported that four out of six patients are still alive in the cohort evaluating its NOX-A12 product in combination with radiotherapy and bevacizumab in the ongoing Ph I trial in newly diagnosed non-methylated MGMT glioblastoma after (incomplete) surgery. With a median follow-up of more than 17 months, this implies an overall survival (OS) rate of 67% at 17 months (end August 2023). The 18-month milestone is theoretically expected in a few days' time before the end of September. If another patient were to die between now and then, mOS (median overall survival) could be reached, which would mean a record level of OS in the patient profile targeted by TME Pharma. Indeed, mOS will continue to improve, with over 50% of patients still alive today. This result compares favourably with known results for treatments approved or undergoing clinical evaluation at more or less advanced stages for GBM patients resistant to chemotherapy. Indeed, most of these trials recorded an mOS of between 12.7 and 16.9 months (see table on next page). Admittedly, the comparators benefit from larger cohorts, but the survival levels observed at this stage with the tri-combination evaluated by TME Pharma remain very promising.

An unrivalled ORR exceeding all results noted to date

Beyond the ever-improving mOS, which has already reached a level of longevity that rivals results obtained with current products, the other very impressive aspect observed with the NOX-A12/RT/beva tri-therapy is the overall response rate (ORR). TME Pharma has achieved an exceptional ORR of 83% to date, well above the levels observed with other treatments, all of which have ORRs of less than 10%. This point is a major asset:
- if the mOS is finally similar to levels achieved with other treatments, the ability of TME Pharma's triple therapy to act on a large number of patients, far beyond other treatments, should strongly encourage its adoption by clinicians,
- if the mOS proves to be superior to levels currently observed with other treatments, along with an unrivalled response rate, TME Pharma's triple therapy could become the new standard of care for chemo-resistant GBM patients.

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

in € / share	2023e	2024e	2025e
Adjusted EPS	-7,29	-9,09	-11,03
chg.	*n.s.*	*n.s.*	*n.s.*
estimates chg.	*n.s.*	*n.s.*	*n.s.*

au 31/12	2023e	2024e	2025e
PE	n.s.	n.s.	n.s.
EV/Sales	165,9x	323,5x	512,3x
EV/Adjusted EBITD	n.s.	n.s.	n.s.
EV/Adjusted EBITA	n.s.	n.s.	n.s.
FCF yield*	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	59,8%

* After tax op. FCF before WCR

key points	
Closing share price 12/09/2023	1,67
Number of Shares (m)	5,3
Market cap. (€m)	9
Free float (€m)	8
ISIN	NL0015000YE1
Ticker	ALTME-FR
DJ Sector	Health Technology

	1m	3m	Ytd
Absolute perf.	+9,9%	+16,9%	+37,5%
Relative perf.	+10,4%	+19,1%	+34,2%

Source : Factset, Invest Securities estimates

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

Results that compare favourably to the competitive landscape

The company has compiled a list of past and ongoing clinical trials in glioblastoma, with the OS and ORR obtained and published by each investigator. As indicated previously, the results of TME Pharma's triple therapy compare favourably at this stage, although the meta-analysis remains limited due to an indirect and not strictly identical comparison on several parameters, in particular the size of the samples of patients evaluated (to the disadvantage of TME Pharma at this stage).
However, in terms of fundamental parameters, in particular the profiles of patients recruited, it should be emphasised that the tri-therapy based on NOX-A12 has obtained very encouraging results despite a more difficult population to treat, since only patients with detectable residual tumour after surgery were recruited in the trial evaluating NOX-A12, whereas rival trials included patients who had undergone complete removal of all detectable tumours.

Competing benchmark therapies against chemotherapy resistant glioblastoma in development in the US or EU

Experimental Agent (Company)	Surgical removal of detectable tumor (T=total; P=partial; B=biopsy only)	Patient number	Response criteria	Overall Response Rate (ORR)	Median Overall Survival (mOS) in months	Status	Reference
NOX-A12 + Radiotherapy + bevacizumab (TME Pharma)	0% T; 100% P	6	RANO	83%	>17 (67% OS at 17m)	Ph 1/2 ongoing	TME Pharma Internal Data
Tumor Treating Fields (TTF) + Radiotherapy + Temozolomide (Novocure)	53% T; 34% P; 13% B	209	Macdonald	n.a.	16.9	Approved	Stupp R (2017), JAMA
Val-083 after Radiotherapy + Temozolomide chemotherapy) (Kintara)	information not provided	36	RANO	n.a.	16.5	Fast Track Designation granted; Ph 2/3 GBM AGILE ongoing	O'Brien (2021), Society for Neuro-Oncology Annual Meeting
Paxalisib + Radiotherapy (Kazia)	77% T; 17% P; 10% B	30	RANO	3%	15.7	Failed pre-defined criteria for GBM AGILE trial Ph 3	Wen P (2022); J Clin Oncol.
Enzastaurin + Radiotherapy (Denova)	43.9% T; 40.4% P; 15.8 B	57	Macdonald	7%	15	Fast Track Designation granted; Ph 3 ongoing	Wick W (2013), Neuro Oncol.
Temozolomide chemotherapy + Radiotherapy + bevacizumab (Roche)	63% T; 34% P; 3% B #	215	Macdonald	n.a.	14.3	Failed in Ph 3	Gilbert MR (2014), NEJM
Nivolumab anti-PD-1 immunotherapy + Radiotherapy (BMS)	54% T; 46% P	280	RANO	7.8%	13.4	Failed in Ph 3	Omuro A (2022); Neuro Oncol.
Temozolomide chemotherapy + Radiotherapy	information not provided	60	n.a.	n.a.	12.7	Approved (current standard of care)	Hegi ME (2005) NEJM

For this study resection status applies to the total patient population (MGMT methylated + unmethylated)

Source : TME Pharma (PR published on 09.13.2023)

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

FINANCIAL DATA

Share information	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Published EPS (€)	-2,54	-2,70	-0,08	-0,32	-0,26	-21,88	-7,29	-9,09	-11,03
Adjusted EPS (€)	**-2,54**	**-2,70**	**-0,08**	**-0,32**	**-0,26**	**-21,88**	**-7,29**	**-9,09**	**-11,03**
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	1,00	2,00

Valuation ratios	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
P/E	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Sales	144,40x	24,76x	32,58x	-5,60x	14,67x	50,40x	165,85x	323,53x	512,30x
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.	59,8%

NB : valuation based on annual average price for past exercise

Entreprise Value (€m)	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Share price in €	*15,6*	*1,67*	*1,67*	*1,67*	*1,67*	*1,67*	*1,67*	*1,67*	*1,67*
Market cap.	36	9	9	9	9	9	9	9	9
Net Debt	*1,9*	*0,5*	*0,2*	*-9,7*	*-6,7*	*-1,5*	*15,5*	*36,7*	*62,4*
Minorities	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*	*0,0*	*1,0*	*2,0*
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*	*1,0*	*2,0*
Entreprise Value (EV)	**38**	**9**	**9**	**-1**	**2**	**7**	**24**	**48**	**75**

Income statement (€m)	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Sales	0	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	-5	-4	-4	-6	-14	-28	-12	-16	-21
adjusted EBITA	**-5**	**-4**	**-4**	**-6**	**-14**	**-28**	**-12**	**-16**	**-21**
chg.	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***
EBIT	-5	-4	-4	-6	-14	-28	-12	-16	-21
Financial result	-1	-6	3	-5	-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	1	2
Net attributable profit	-5	-11	-1	-10	-19	-33	-17	-20	-24
Adjusted net att. profit	**-5**	**-11**	**-1**	**-10**	**-19**	**-33**	**-17**	**-20**	**-24**
chg.	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***	***n.s.***

Cash flow statement (€m)	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
EBITDA	-5	-4	-4	-6	-14	-28	-12	-16	-21
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	**-5**	**-4**	**-4**	**-6**	**-14**	**-28**	**-12**	**-16**	**-21**
Change in WCR	0	0	0	0	0	0	0	0	0
Operating FCF	**-5**	**-4**	**-3**	**-6**	**-14**	**-28**	**-12**	**-16**	**-21**
Acquisitions/disposals	0	0	0	0	0	0	0	0	0
Capital increase/decrease	3	8	1	14	16	28	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
Other adjustments	-1	-6	3	-5	-5	-5	-5	-5	-5
Published Cash-Flow	**-3**	**-3**	**1**	**3**	**-3**	**-5**	**-17**	**-21**	**-26**

Balance Sheet (€m)	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
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	-4	-3	-2	8	-6	-11	-28	-50	-75
Minority shareholders	0	0	0	0	0	0	0	1	2
Provisions	0	0	0	0	0	0	0	0	0
Net financial debt	**2**	**0**	**0**	**-10**	**-7**	**-1**	**15**	**37**	**62**

Financial ratios	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
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

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

INVESTMENT CASE

TME PHARMA (ex-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

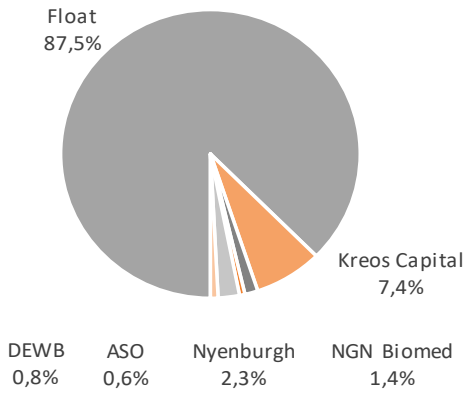
- Combination drug trials
- Possibility of new partnerships
- Significant M&A activity in the field

THREATS

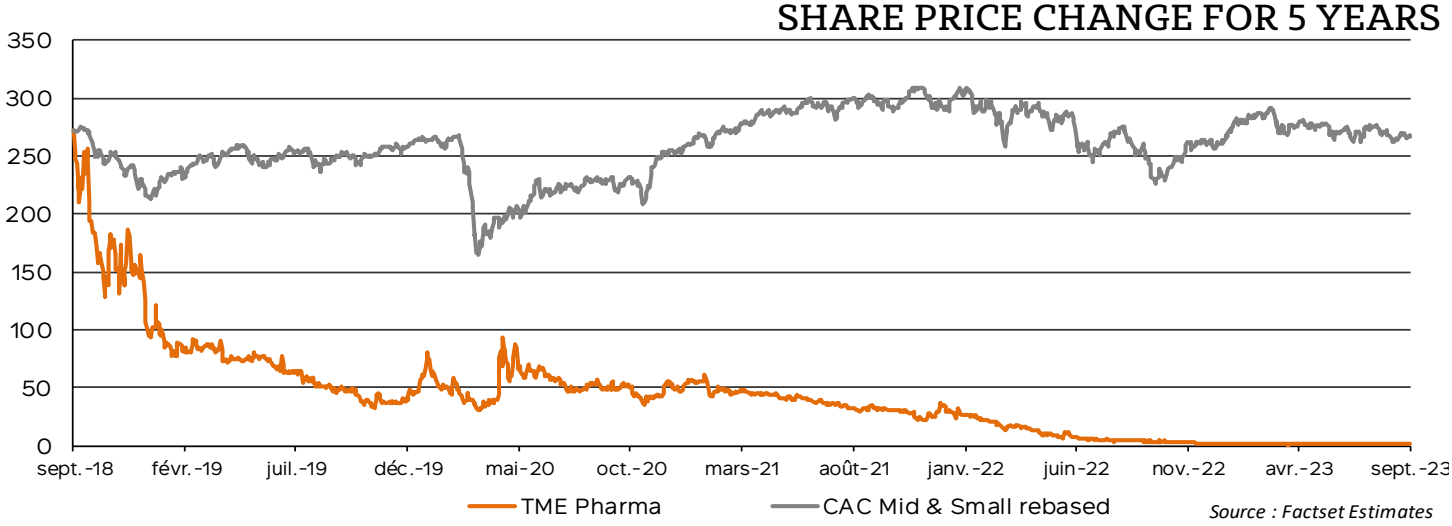
- Regulatory and clinical risks
- Legal risks
- Commercial risks

ADDITIONAL INFORMATION

Shareholders



SHARE PRICE CHANGE FOR 5 YEARS



Source : Factset Estimates

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

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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

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

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

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
jlsempe@invest-securities.com

Thibaut Voglimacci-Stephanopoli
Financial analyst, Medtechs / Biotechs
+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