TME PHARMA

BUY

TARGET PRICE : 4,21€ +821%

NEWSFLOW – 18M OVERALL SURVIVAL IN GBM

OVERALL SURVIVAL AT 18 MONTHS OF 67%, FAR SUPERIOR TO SoC

This morning, the company published an update on its trial, revealing that another patient has reached the 18-month survival milestone. This new data increases the 18-month survival rate to 67% in the expansion cohort of six patients evaluating the potential of the NOX-A12/radiotherapy/bevacizumab tri-combination. The figure compares favourably with the 5% rate obtained with standards of care. With half the cohort still alive, the next death should make it possible to assess mOS (median overall survival), which is already over 18 months. So far, out of the three patients still alive, two are clinically stable despite progression of their primary tumour. The last patient is less stable but has already exceeded the 18-month survival period.

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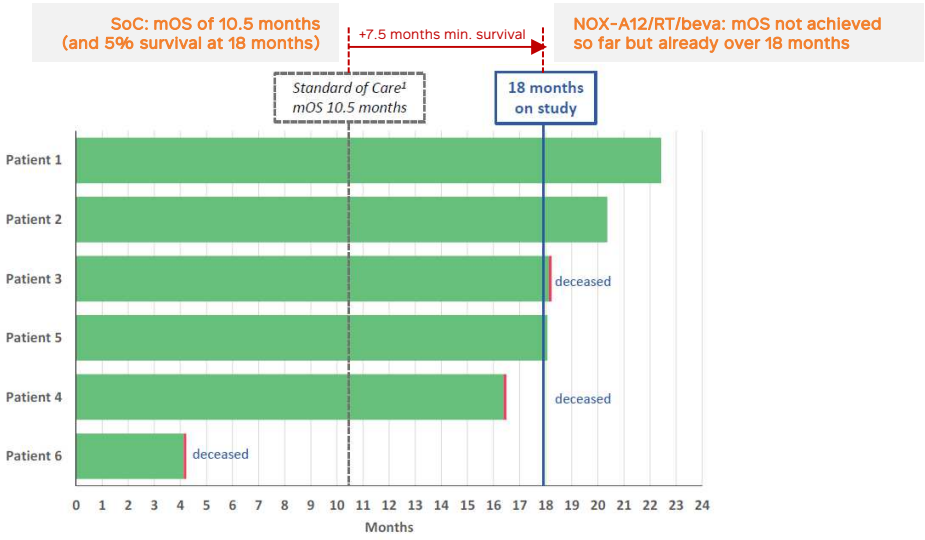
OS at 18 months: TME achieves a rate of at least 67% vs. 5% with SoCs

TME Pharma stated that three out of six patients are still alive at this stage in the cohort evaluating its NOX-A12 product in combination with radiotherapy and bevacizumab for treatment of newly diagnosed non-methylated MGMT glioblastoma after (incomplete) surgery. The company announced today that the last patient still alive who had not yet reached 18 months' survival in its Ph I/II study in brain cancer has just passed this milestone. This brings the overall survival rate at 18 months to 67%, i.e. four out of six patients surviving beyond 18 months after the start of their treatment. A first patient died relatively early (after four months' survival) due to an undetected and untreated secondary tumour. Another patient died after surviving almost 16.5 months, while the most recent death occurred after 18 months of survival.

Swimmer plot: survival of patients in the NOX-A12/RT/beva cohort



Source: TME Pharma (chart), IS (coloured text) – Cut off date 13 October 2023

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	121,9x	279,6x	468,3x
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.	218,8%

* After tax op. FCF before WCR

key points	
Closing share price 19/10/2023	0,46
Number of Shares (m)	5,3
Market cap. (€m)	2
Free float (€m)	2
ISIN	NL0015000YE1
Ticker	ALTME-FR
DJ Sector	Health Technology

	1m	3m	Ytd
Absolute perf.	-63,4%	-69,4%	-62,4%
Relative perf.	-59,7%	-64,7%	-59,1%

Source : Factset, Invest Securities estimates

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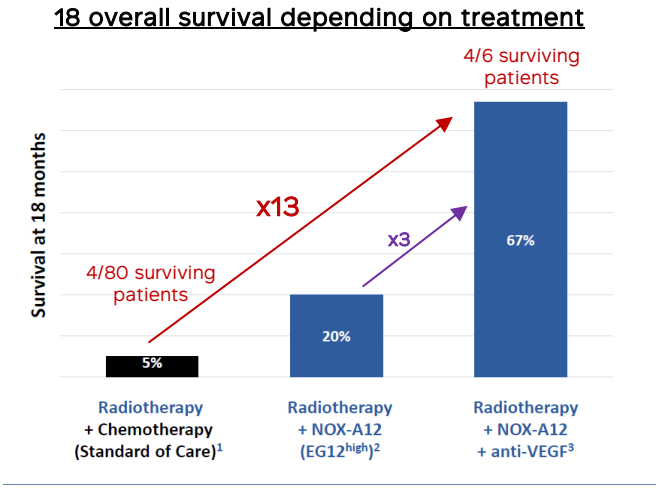
These results compare very favourably with those obtained with standard treatments, since the 18-month survival rate is only 5% with SoC, thus representing an improvement of more than x13.

By way of comparison, at 18 months, four out of six patients were still alive with the NOX-A12/RT/beva tri-combination, i.e. 67% survivors, whereas this rate was only 5% with SoC, which represents four survivors out of 80 patients at 18 months of treatment. This represents a considerable gain in terms of survival, although these results need to be confirmed in a more robust trial, randomised versus comparator and involving a larger number of patients, in order to have indisputable statistical power.



Source: TME Pharma

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. The standard of care (RT + CT) has only enabled an 18-month survival rate of 5% of patients treated. In the initial GLORIA cohort conducted by TME, the 18-month survival rate achieved was 20% for patients who received NOX-A12 plus radiotherapy without beva, underlining the synergistic effect of the three treatments NOX-A12/ RT/ bevacizumab. It is also important to remember that none of these treatments alone, or the combination of two of them, have ever demonstrated such a high level of efficacy, providing evidence that it is indeed the combination of these three treatments that has enabled this clinical result.

mOS not yet reached at this stage but already above 18 months

According to the company, so far, two of the three patients still alive are clinically stable despite tumour progression. This means that the measure of median overall survival (mOS) can still evolve positively depending on the last patients still alive. To measure median overall survival, it is necessary to wait until 50% of the patients in the cohort + 1 patient have died. As such, with half the patients still alive today, the next death should make it possible to estimate mOS, which is still progressing favourably.

Given the survival rates observed at this stage, the mOS is bound to be greater than 18 months, and this compares very favourably with the mOS observed with SoC, which is 10.5 months. This means that at this stage, the median gain in survival is at least 7.5 months, which represents a minimum improvement in mOS of +71.4% at this stage.
Note that most of these trials recorded an mOS of between 12.7 and 16.9 months, with only 5% surviving at 18 months for standard treatments.

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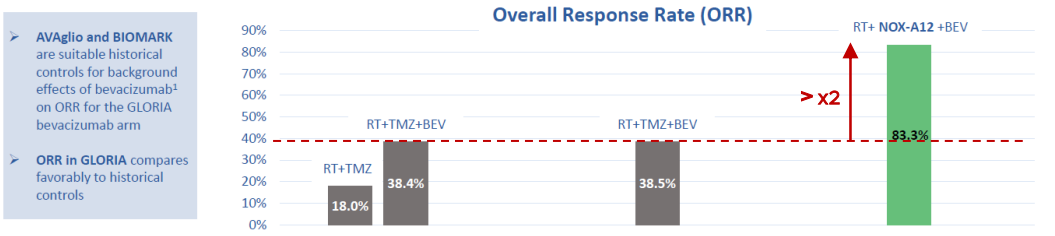
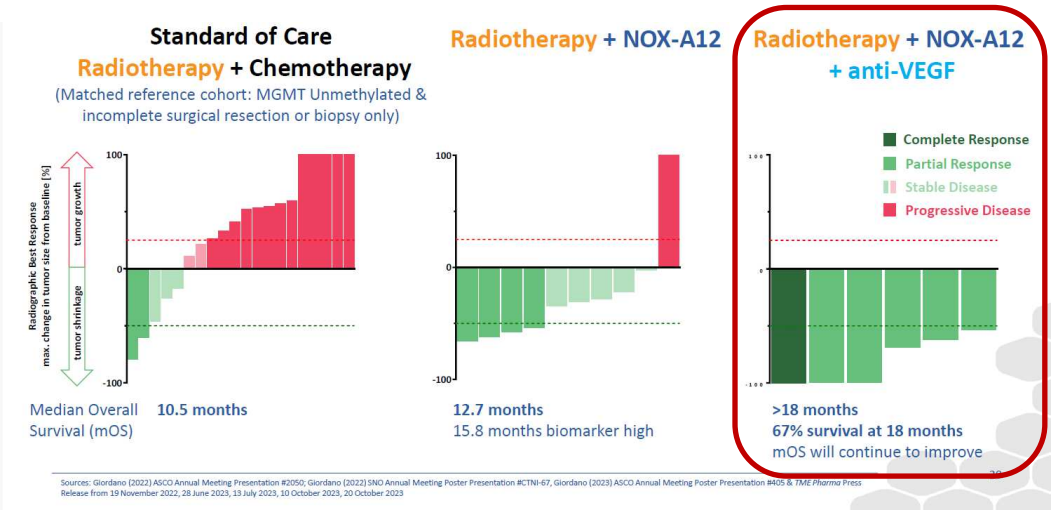
Unrivalled overall response rate despite a patient profile known to be complicated

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 NOX-A12/RT/beva triple 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 with NOX-A12/RT/beva is finally similar to what has been 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.



	AVAglio (Roche)[2]	BIOMARK (Chugai)[3]	GLORIA[4]
Clinical Phase	Phase 3	Phase 2	Phase 1/2
Publication year	2013	2022	2022
# of patients in BEV arm (ORR evaluable)	458 (375)	94 (39)	6 (6)
% of patients resistant to chemotherapy	49%[5]	65%	100%



Sources: Giordano (2022) ASCO Annual Meeting Presentation #2050; Giordano (2022) SNO Annual Meeting Poster Presentation #CTNI-67, Giordano (2023) ASCO Annual Meeting Poster Presentation #405 & *TME Pharma* Press Release from 19 November 2022, 28 June 2023, 13 July 2023, 10 October 2023, 20 October 2023

GLORIA:
- 100%: response rate for targeted lesions
- 83%: overall response rate
- 67%: OS at 18 months
- 0%: disease progression rate

Next step: meeting with the FDA with a view to an IND in H1 2024

Based on 18-month survival data, TME plans to seek an opinion from the FDA in October 2023 with the aim of having a clinical trial protocol in glioblastoma approved by the US agency and to access a fast-track regulatory pathway by the end of Q1 2024. The company expects to submit an IND request early in Q1 2024, and expects feedback in late Q1 2024.

Financial position: cash position and visibility to date

At the end of 2022, the company had cash and cash equivalents of €4.6m, which was increased by almost €2m during the 2023 financial year (the period elapsed), giving it financial visibility to December 2023 within the current scope.

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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	7,67x	9,43x	-49,54x	-29,28x	6,46x	121,91x	279,58x	468,35x
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.	218,8%

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*	*0,46*	*0,46*	*0,46*	*0,46*	*0,46*	*0,46*	*0,46*	*0,46*
Market cap.	36	2	2	2	2	2	2	2	2
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**	**3**	**3**	**-7**	**-4**	**1**	**18**	**41**	**69**

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

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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

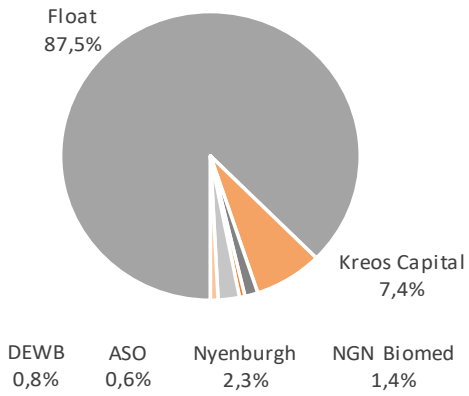
- Combination drug trials
- Possibility of new partnerships
- Significant M&A activity in the field

THREATS

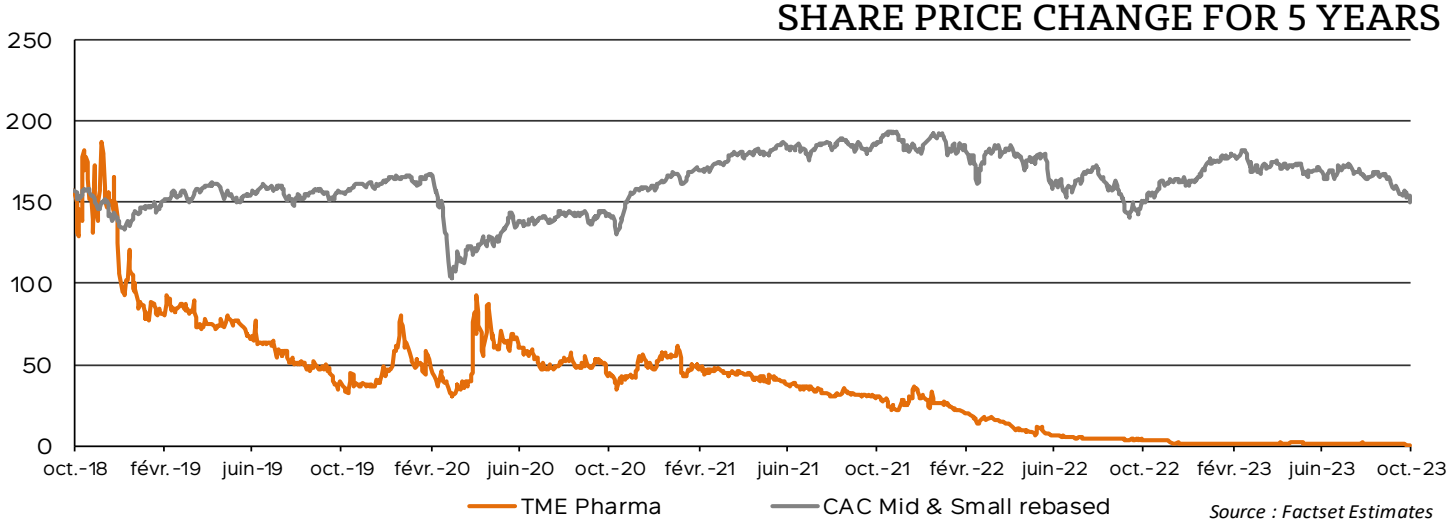
- Regulatory and clinical risks
- Legal risks
- Commercial risks

ADDITIONAL INFORMATION

Shareholders



SHARE PRICE CHANGE FOR 5 YEARS



Source : Factset Estimates

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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.

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- 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

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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.

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