

FUND RAISE

FINANCING OF €2.7M, WITH POSSIBLE EXTENSION TO €4.9M

On Friday after closing, the company announced an original financing transaction with a €2.7m capital increase in the form of new shares with associated warrants (ABSA) and preferential subscription rights (PSR). Although it is open to the public, the transaction is fully guaranteed by a group of Dutch investors. Proceeds from the offer should help secure the group's activities until May 2024 and potentially until September 2024 if all of the warrants are exercised through successive capital increases that could generate an additional €2.2m in proceeds. Furthermore, TME Pharma plans to buy back some of the already existing convertible bond debt, with company ASO having agreed to a lock-up clause for the conversion of its remaining bonds. After updating net debt and the number of shares in circulation following the €2.7m capital raise, we have revised our TP to €0.4 vs €4.2 previously.

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

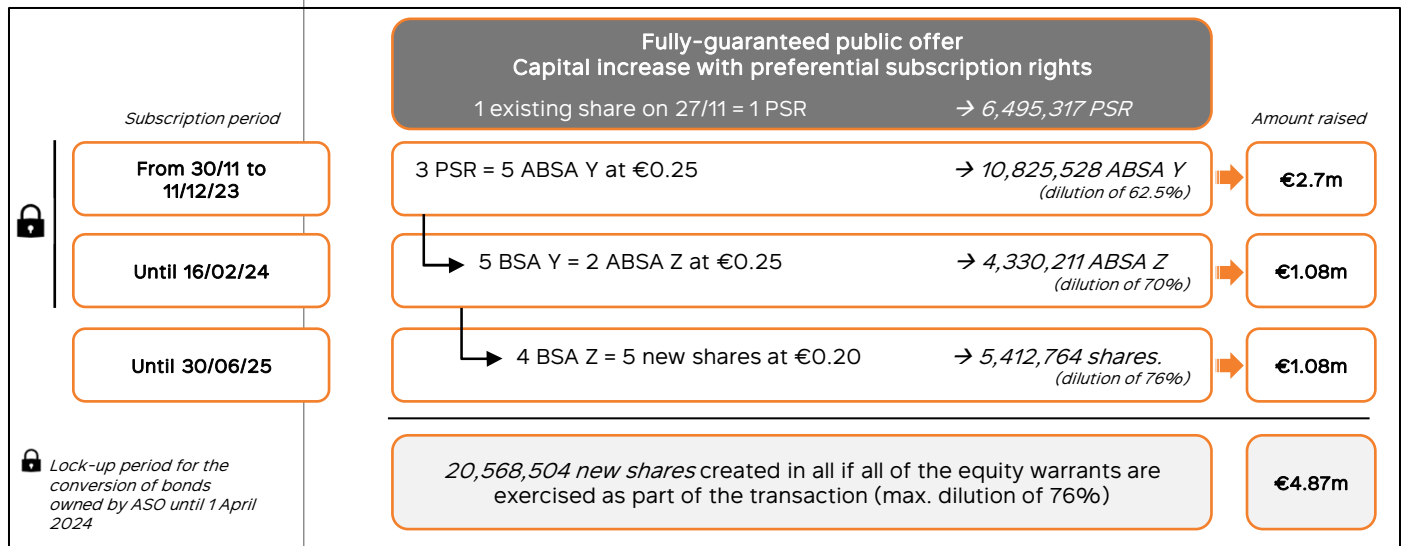
Thibaut Voglimacci-
Stephanopoli
+33 1 44 88 77 95
tvoglimacci@invest-securities.com

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An ad-hoc offer with several components to achieve several objectives

Yesterday, the company announced a €2.7m capital increase in the form of ABSA shares with warrants attached, with preferential subscription rights (1 PSR for 1 existing share), 100% guaranteed by a group of Dutch investors, with a subscription period running from 30 November to 11 December 2023. This ad-hoc financing opens possible access to the ABSA in two phases: ABSA Y and ABSA Z. As part of the transaction, each shareholder holding three PSRs on 27 November 2023 will have the right to subscribe to five ABSA Y until 16 February 2024 at a price of €0.25/ABSA, with five BSA Y warrants entitling the holder to subscribe to two ABSA Z at a price of €0.25/ABSA. Thereafter, shareholders who have subscribed to ABSA Z will be able to exercise the BSA Z warrants until 30 June 2025 at a price of €0.20/warrant with a parity of four BSA Z warrants for five new shares. If all the warrants (BSA Y and Z) are subscribed to and exercised, TME PHARMA could raise further funds of up to €2.2m, i.e. a total amount possible of around €4.9m.



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

in € / share	2023e	2024e	2025e
Adjusted EPS	-0,99	-1,23	-1,49
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	110,9x	268,5x	457,3x
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.	340,1%

* After tax op. FCF before WCR

key points	1m	3m	Ytd
Closing share price 27/11/2023			0,29
Number of Shares (m)			6,5
Market cap. (€m)			2
Free float (€m)			2
ISIN			NL0015000YE1
Ticker			ALTME-FR
DJ Sector			Health Technology
Absolute perf.	-24,9%	-81,5%	-75,8%
Relative perf.	-30,8%	-80,7%	-75,2%

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

In the same way that the offer made in April this year, based on an original structure, aimed to stabilise the share price by introducing lock-up clauses, the present offer also has several objectives. Its proceeds will primarily be used to:

- strengthen cash flow to pursue the activities, in particular the glioblastoma programme.
- clean up existing debt by using part of the net proceeds to buy back debt.
- end dependence on convertible bonds, as pledged during the transaction carried out in April 2023, after terminating the contract with ASO.
- stabilise the share price by introducing a lock-up clause for the conversion of the remaining convertible bonds (CBs).

Lock-up for CBs, debt buybacks and definitive end to convertibles financing

In addition to the capital increase and strengthening of cash, the company plans to reduce its convertibles debt by using some of the proceeds of this capital increase. Under the terms of the agreement reached with Dutch investors guaranteeing the present €2.7m transaction, TME Pharma is to buy back 898 of the 1,898 convertible bonds in circulation for a total amount of €942,900. At the same time, Atlas has agreed to block its remaining 1,000 convertible bonds until 1 April 2024 in exchange for a flat-rate fee of 100 additional convertible bonds. TME PHARMA is evaluating the possibility of repurchasing the remaining 1,100 convertible bonds, since its objective is to definitively end its dependence on convertible bond financing, in line with the announcements made at the time of the ad hoc financing implemented in April 2023.

Financial visibility potentially extended until September 2024

At end-June 2023, net cash totalled €3m vs €4.6m at end-2022, which then provided visibility until February 2024. This new financing transaction is set to prolong TME PHARMA's financial visibility until May 2024, and potentially until July 2024 if all of the warrants expiring in February 2024 are exercised, and even until September 2024 if the two series of warrants are fully exercised before July 2024.

Newsflow and 2024 plan

The 2024 plan is focused above all on progress in the glioblastoma programme. Following the very promising results obtained to date in the cohort assessing the NOX-A12/RT/beva tricomination, the aim is to launch a randomised, controlled Phase II trial vs. standard of care. TME PHARMA is awaiting feedback and recommendations from the FDA before the end of the year and expects to receive approval for an IND in Q1 2024 for the launch of the Phase II clinical trial. Data from the ongoing trial will continue to mature; at this stage, three of the six patients are still alive. The mOS is therefore continuing to increase and will be fixed with the death of the fourth patient.

Buy, TP of €0.4 vs €4.2

As the €2.7m transaction is 100% secured, we have factored its details into our net debt estimate and updated the number of shares in issue. On 7 November 2023, the number of shares stood at 6,495,317. The €2.7m capital increase guaranteed by Dutch investors is set to prompt the creation of 10,825,528 new share. Without taking into account the BSA Y and Z warrants, which could lead to the creation of further new shares if they are exercised, the number of shares post-capital increase is set to total 17.3m (dilution of 62.5%). As such, we have reduced our TP to €0.4 vs €4.2 previously. Given the subscription price of €0.25 (a discount of 37.5% to the closing price prior to the announcement), we expect the share price to align with the subscription price. However, forthcoming catalysts and the lock-up put in place should potentially enable positive share price momentum.

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	-0,99	-1,23	-1,49
Adjusted EPS (€)	-2,54	-2,70	-0,08	-0,32	-0,26	-21,88	-0,99	-1,23	-1,49
<i>Diff. I.S. vs Consensus</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
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	6,29x	7,56x	-53,08x	-32,82x	2,92x	110,85x	268,53x	457,29x
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.	340,1%

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	0,29	0,29	0,29	0,29	0,29	0,29	0,29	0,29
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	14,4	35,6	61,3
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	2	2	-8	-5	0	16	39	67

Income statement (€m)	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e
Sales	0	0	0	0	0	0	0	0	0
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
Adjusted EBITDA	-5	-4	-4	-6	-14	-28	-12	-16	-21
adjusted EBITA	-5	-4	-4	-6	-14	-28	-12	-16	-21
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
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
<i>chg.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>

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	1	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	-16	-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	-27	-48	-74
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	14	36	61

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

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

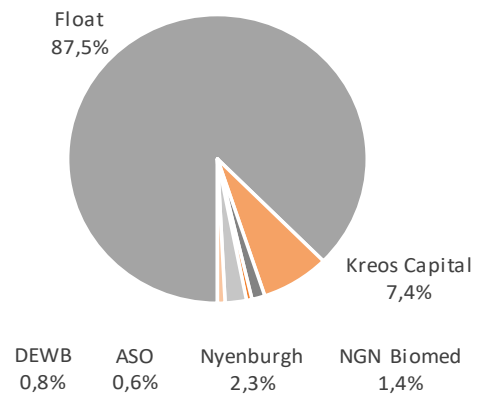
- ❑ Combination drug trials
- ❑ Possibility of new partnerships
- ❑ Significant M&A activity in the field

THREATS

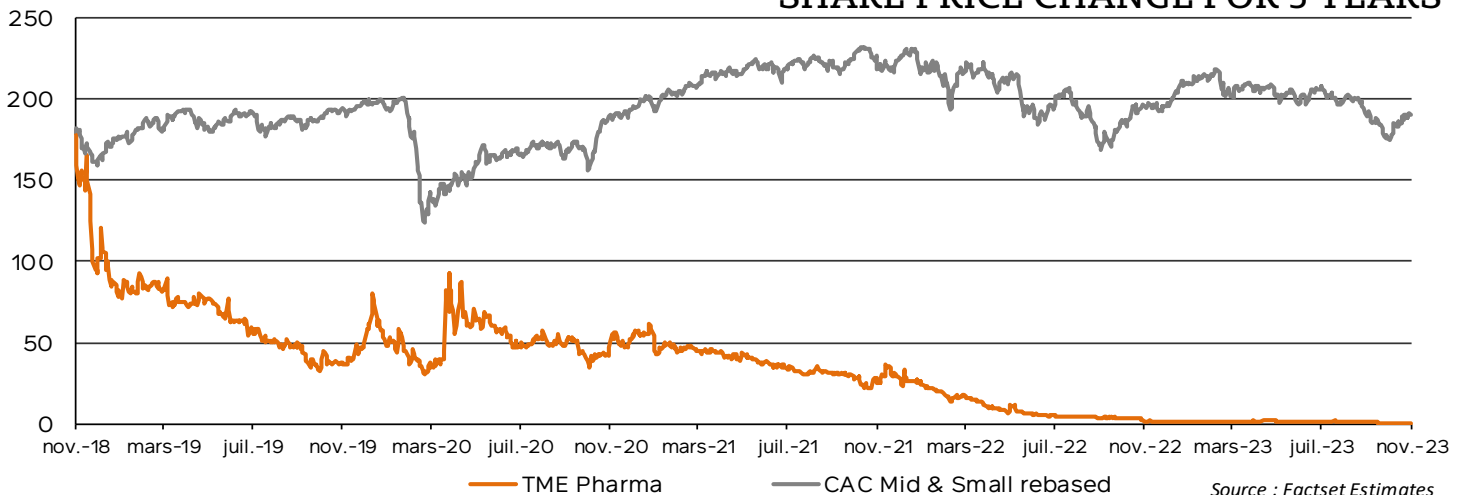
- ❑ Regulatory and clinical risks
- ❑ Legal risks
- ❑ Commercial risks

ADDITIONAL INFORMATION

Shareholders



SHARE PRICE CHANGE FOR 5 YEARS



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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

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%

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

Claire Meilland
Financial analyst, CleanTech

+33 1 73 73 90 34
cmeilland@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