

CAPITAL RAISE - FIRST EXERCISE PERIOD FOR BSA Z EQUITY WARRANTS

IMMINENT FDA DECISION ON FAST-TRACK APPROVAL

On Thursday 28 March before trading, the company announced the results of the first exercise period for BSA Z equity warrants. With almost 12.6% of the Z warrants in circulation exercised, the company generated gross income of €120k during this first period. The second period is due to start on 27 May and run until 21 June 2024. If all of the outstanding BSA Z warrants are exercised, TME Pharma could raise up to €951k, which would enable it to secure its businesses until the end of September 2024. Note that the company aims to use the funds to sign a licensing agreement with a partner for its development. In the short term, the main catalyst remains the FDA decision on a prospective fast-track approval for the glioblastoma programme. After updating the number of shares, we have revised our TP to €0.61 vs. €0.62.

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End of first exercise period for BSA Z equity warrants €120k raised

On Thursday before trading, the company announced the results of the first exercise period for BSA Z equity warrants running from 26 February to 22 March 2024. A total of 479,624 warrants have been exercised to date, i.e. around 12.6% of the total number of outstanding Z warrants, resulting in the issue of almost 6600k new shares and dilution of around 2.11%. The exercise generated gross income of around €120k, which on our estimates, should cover around two weeks of further business. Following this first exercise period, there are 3,326,104 Z warrants outstanding, representing a potential additional €831.5k if exercised in full. The second exercise period for the Z warrants is due to open on 27 May and run until 21 June 2024, with settlement scheduled for 28 June 2024, bearing in mind that the last exercise period ends on 20 June 2025.

Note that under the terms of the transaction, shareholders holding BSA Z warrants can exercise them to subscribe for new TME Pharma shares at a price of €0.20 on the basis of four Z warrants for five new shares.

Priority for 2024: to identify a development partner

After receiving FDA approval for the Ph II protocol in glioblastoma submitted by the group, the next catalyst expected theoretically in Q1 2024, is the decision by the US Food and Drug Administration on the application for fast-track approval. Obtaining fast-track status could shorten the regulatory review period by several months once the programme has reached this stage. The company aims to offer the healthiest and most attractive profile possible for a partner, in order to attract M&A interest or simply BD&L (business development & licensing) via a "turnkey" package for the glioblastoma: IND + Fast Track.

At present, financial visibility is secured out to July 2024. If all the Z warrants distributed were exercised, TME Pharma could raise a total of €951,432 (of which €120k has already been raised), thereby extending its financial horizon to the end of Q3 2024.

TP revised to €0.61 vs. €0.62

Taking into account the amount raised and the new number of shares, we have revised our target price to €0.61, vs. €0.62 previously. We maintain our Buy rating.

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

in € / share	2023e	2024e	2025e
Adjusted EPS	-0,99	-0,87	-1,06
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	158,6x	316,3x	505,1x
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.	318,5%

* After tax op. FCF before WCR

key points			
Closing share price	29/03/2024		0,31
Number of Shares (m)			28,5
Market cap. (€m)			9
Free float (€m)			8
ISIN			NL0015000YE1
Ticker			ALTME-FR
DJ Sector			Health Technology
	1m	3m	Ytd
Absolute perf.	+0,2%	+36,5%	+36,5%
Relative perf.	-4,5%	+28,8%	+28,8%

Source : Factset, Invest Securities estimates

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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	-0,99	-0,87	-1,06
Adjusted EPS (€)	-2,54	-2,70	-0,08	-0,32	-0,26	-21,88	-0,99	-0,87	-1,06
<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	24,88x	32,74x	-5,30x	14,97x	50,70x	158,64x	316,32x	505,08x
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.	318,5%

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	0,31	0,31	0,31	0,31	0,31	0,31	0,31	0,31
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	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	9	9	-1	2	7	23	46	74

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

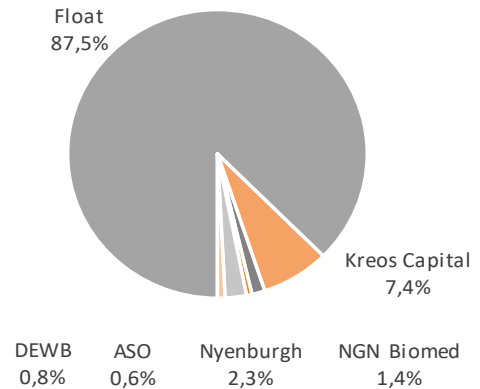
- ❑ Combination drug trials
- ❑ Possibility of new partnerships
- ❑ Significant M&A activity in the field

THREATS

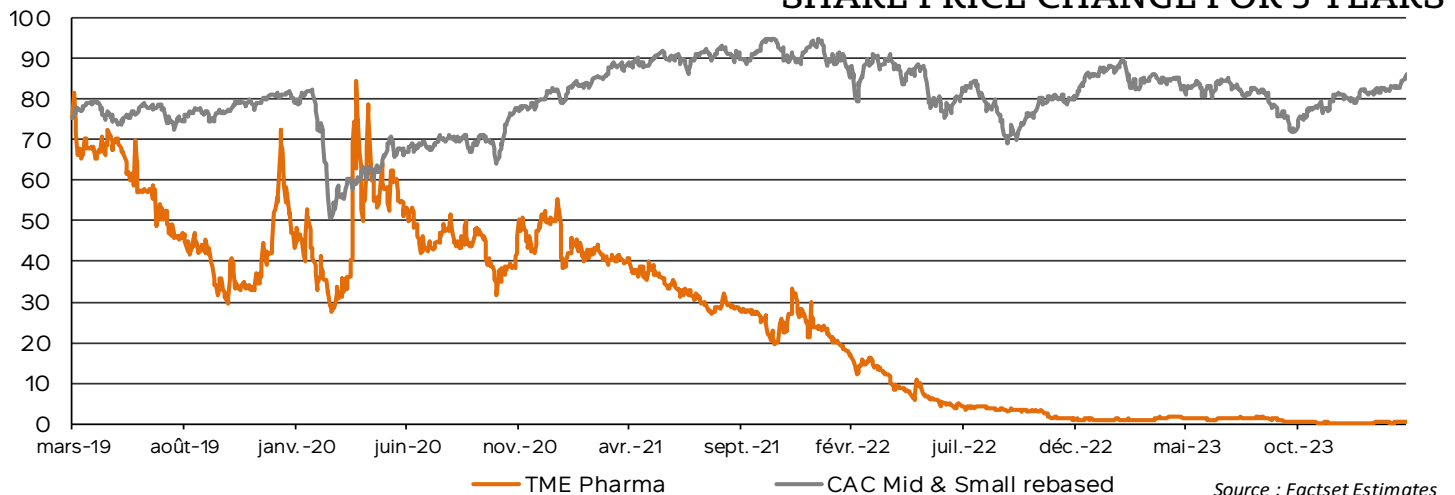
- ❑ Regulatory and clinical risks
- ❑ Legal risks
- ❑ Commercial risks

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.

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	13-févr.-24	ACHAT	0,67	+101%
TME PHARMA	Jamila El Bougrini	27-nov.-23	ACHAT	0,40	+36%
TME PHARMA	Jamila El Bougrini	27-mars.-23	ACHAT	4,21	+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.

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