TME Pharma N.V.
Amsterdam, The Netherlands

Half-Year Financial Report 2022
30 June 2022

Contents

Forward-looking statements

This Half-Year Financial Report contains statements that constitute forward-looking statements. Forward-looking statements appear in a number of places in this Half-Year Financial Report and include, but are not limited to, statements regarding our intent, belief or current expectations. Forward-looking statements are based on management estimates and on management's beliefs and assumptions and on information currently available to the management. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to various factors, including, but not limited to, those identified under the section "Risk Factors" in this Half-Year Financial Report.

Such estimates have been made in good faith and represent the current beliefs of management. Management believes that such estimates are founded on reasonable grounds. However, by their nature, estimates may not be correct or complete. These statements reflect the Company's current knowledge and its expectations and projections about future events. Many of these forward-looking statements contained in this Half-Year Financial Report can be identified by the context of such statements or words such as "anticipate," "believe", "estimate", "expect", "intend", "plan", "project", "target", "may", "will", "would", "could", "might" or "should" or "potential" or similar terminology. By their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Group's control that could cause the Group's actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. Forward-looking statements speak only as of the date they are made and the Group does not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events.

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TME Pharma N.V., Amsterdam, The Netherlands
Condensed Consolidated Interim Statements of Financial Position as of 30 June 2022

(in thousands of €)

Assets	Note	30 June 2022	31 December 2021
Non-current assets			
Intangible assets		4	4
Equipment		44	47
Right-of-use assets		0	19
Financial assets		5	5
		53	**75**
Current assets			
Other assets		208	209
Financial assets	(4)	28	28
Cash and cash equivalents		7,993	9,456
		8,229	**9,693**
		8,282	**9,768**

Equity and liabilities	Note	30 June 2022	31 December 2021
Equity			
Subscribed capital	(5)	1,361	746
Additional paid-in capital	(5)	183,887	176,461
Accumulated deficit	(5)	-182,830	-172,503
Cumulative translation adjustment	(5)	14	5
Treasury shares		-193	-194
Equity attributable to owners of the Company		**2,239**	**4,515**
Non controlling interest		-14	-13
Total equity		**2,225**	**4,502**
Current liabilities			
Financial liabilities	(7)	1,873	2,505
Lease liabilities		0	21
Trade accounts payable		3,795	2,235
Other liabilities		389	505
		6,057	**5,266**
		8,282	**9,768**

TME Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Comprehensive Loss for the Six-Month Period Ended 30 June 2022

(in thousands of €)	Note	For the six months ended 30 June 2022	30 June 2021
Other operating income		65	142
Research and development expenses	(9)	-5,714	-4,907
General and administrative expenses	(10)	-2,014	-1,125
Foreign exchange losses		-41	-33
Loss from operations		-7,704	-5,923
Finance income	(7)	196	130
Finance cost	(7)	-2,820	-968
Loss before income tax		-10,328	-6,761
Income tax		0	0
Net loss		-10,328	-6,761
Other comprehensive income		0	0
Total comprehensive loss		-10,328	-6,761
Net loss attributable to:			
Owners of the Company		-10,327	-6,761
Non-controlling interests		-1	0
		-10,328	-6,761
Total comprehensive loss attributable to:			
Owners of the Company		-10,327	-6,761
Non-controlling interests		-1	0
		-10,328	-6,761
Loss per share in EUR per share * (basic and diluted)	(8)	-11.47	-11.07

* Number of ordinary shares was adjusted for the share consolidation consummated after the balance sheet date, refer to Note 8.

TME Pharma N.V., Amsterdam, The Netherlands
Condensed Consolidated Interim Cash-Flow Statements for the Six-Month Period Ended 30 June 2022

(in thousands of €)

	Note	For the six months ended 30 June 2022	30 June 2021
Operating activities			
Net loss before income tax		-10,328	-6,761
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense		30	34
Finance income		-196	-130
Finance cost		2,820	968
Share-based compensation	(6)	386	111
Other non-cash transactions		13	-6
Changes in operating assets and liabilities:			
Other current assets and other financial assets		1	-45
Trade accounts payable and other liabilities		1,415	-100
Net cash used in operating activities		-5,859	-5,929
Investing activities			
Purchase of equipment		-8	-9
Net cash used in investing activities		-8	-9
Financing activities			
Proceeds from issuance of shares	(5)	85	7,219
Transaction costs for issuance of shares		-3	-12
Proceeds from issuance of convertible bonds	(7)	4,418	2,162
Transaction costs for issuance of convertible bonds		-62	-47
Payment of lease liabilities		-21	-20
Sale and purchase of treasury shares		1	3
Interest paid		-1	-1
Net cash provided by financing activities		4,417	9,304
Net change in cash and cash equivalents		-1,450	3,366
Cash at the beginning of period		9,456	10,304
Effect of movements in exchange rates on cash held		-13	0
Cash at the end of the period		7,993	13,670

TME Pharma N.V., Amsterdam, The Netherlands

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the Six-Month Period ended 30 June 2022

(in thousands of €)	Note	Ordinary Shares		Cumulative translation adjustment	Treasury Shares	Additional Paid-In Capital	Accumulated Deficit	Total	Non-controlling Interests	Total Equity
		Number of Shares	Subscribed Capital			Total				
1 January 2021		47,178,313	472		-193	165,481	-158,050	**7,710**	**-12**	**7,698**
Total comprehensive loss						0	-6,761	-6,761	0	-6,761
Share-based compensation	(6)					111		111		111
Capital increases (private placements)	(5)	14,277,219	143			6,282		6,425		6,425
Issuance costs of capital increases (private placements)						-413		-413		-413
Capital increases as a result from warrant exercises (Kreos and certain other investors)	(5)	3,768,449	37			1,617		1,654		1,654
Capital increases as a result of bond conversions	(5)	2,719,839	27			1,082		1,109		1,109
Issuance costs of capital increases resulting from warrant exercises and bond conversions						-5		-5		-5
Sale of treasury shares	(5)				3	0		3		3
30 June 2021		67,943,820	679		-190	174,155	-164,811	**9,833**	**-12**	**9,821**
1 January 2022		74,601,550	746	5	-194	176,461	-172,503	**4,515**	**-13**	**4,502**
Net loss							-10,327	-10,327	-1	-10,328
Foreign operations - foreign currency translation differences				9				9		9
Total comprehensive loss				9	0	0	-10,327	-10,318	-1	-10,319
Share-based compensation	(6)					386		386		386
Capital increases as a result from warrant exercises (Yorkville)	(5)	1,105,445	11			113		124		124
Capital increases as a result of bond conversions	(5)	60,402,454	604			6,936		7,540		7,540
Issuance costs of capital increases resulting from warrant exercises and bond conversions						-9		-9		-9
Sale and purchase of treasury shares	(5)				1			1		1
30 June 2022		136,109,449	1,361	14	-193	183,887	-182,830	2,239	-14	2,225

1. Corporate Information

TME Pharma N.V. (NOXXON Pharma N.V. changed its name to TME Pharma N.V. on 11 July 2022, in the following also the "Company") is a Dutch public company with limited liability (naamloze vennootschap) and has its corporate seat in Amsterdam, the Netherlands and its headquarters in Berlin, Germany. The Company's ordinary shares are listed under the symbol "ALTME" with ISIN NL0015000YE1 on the public offering compartment of the Euronext Growth stock exchange Paris, France. TME Pharma N.V. is a management holding providing corporate and administrative services, financial and business advice and asset management to its German subsidiary TME Pharma AG.

The Company's business address is in Berlin, Germany, with the address of Max-Dohrn-Str. 8-10, 10589 Berlin.

The unaudited condensed consolidated interim financial statements of TME Pharma N.V. as of and for the six months ended 30 June 2022 and 2021 ("interim financial statements") comprise the Company and its wholly owned and / or controlled subsidiaries, TME Pharma AG, Berlin, Germany and TME Pharma Inc., Norwalk, CT, United States (all entities in the following also the Group or TME Pharma).

TME Pharma N.V. is a clinical-stage biopharmaceutical company focused on cancer treatment. TME Pharma's goal is to significantly enhance the effectiveness of cancer treatments including immuno-oncology approaches (such as immune checkpoint inhibitors) and current standards of care (such as chemotherapy and radiotherapy). TME Pharma's Spiegelmer® platform has generated a proprietary pipeline of clinical-stage product candidates including its lead cancer drug candidate NOX-A12 and its second clinical-stage asset, NOX-E36.

The interim financial statements as of and for the six months ended 30 June 2022 of TME Pharma were authorized by the Management Board for issuance on 26 October 2022.

2. Basis of Preparation and Significant Group Accounting Policies

Going Concern

The accompanying interim financial statements have been prepared on the basis that the Group will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Group's ability to continue as a going concern is dependent on its ability to raise additional funds to continue its research and development programs and meet its obligations.

As a clinical stage biopharmaceutical company, the Group has incurred operating losses since inception and has not yet reached operating profitability. For the six months ended 30 June 2022, the Group incurred a net loss of € 10.3 million (of which the loss from operations amounted to € 7.7 million, resulting in an operating cash outflow of € 5.9 million). As of 30 June 2022, the Group had generated an accumulated deficit of € 182.8 million. The equity position of the Group amounts to € 2.2 million. To finance its research and development activities from inception through 30 June 2022, the Group raised funds from several sources in prior periods, including its shareholders through the issuance of equity, venture loans, equity line financings, convertible bonds and government grants. Considering cash and cash equivalents as of 30 June 2022 of € 8.0 million and additional cash resources from convertible bonds drawn in August and September 2022 in the amount of € 3.2 million (nominal), cash reach will be into June 2023 (see Note 12). In addition, TME Pharma has access to a committed convertible bond financing facility of which a total amount of € 17.3 million nominal (€ 15.7 million net cash) is drawable in

specified tranches of K€ 1,080 nominal (K€ 984 net cash) at the Company's discretion and subject to customary conditions being met.

The Group expects it will incur operating losses for the foreseeable future due to, among other things, costs related to research funding, development of its product candidates and its preclinical programs, and its administrative organization.

According to its most recent business plan, current financial resources are projected to fund the Group into June 2023. The Group will be required to raise additional funds, alternative means of financial support or execute a partnering deal for one of its product candidates by early 2nd quarter or make use of the above-mentioned secured financing in order to execute on its plans. Management is pursuing various financing alternatives to meet the Group's future cash requirements, including seeking additional investors, pursuing industrial partnerships, or obtaining further funding from existing investors through additional funding rounds, pursuing a merger or an acquisition. The management of TME Pharma is pursuing all of these avenues in parallel with the assistance of experienced external support. Management has considered the ability of the Group to continue as a going concern and acknowledges the need for additional funds. Based on management's going concern assessment, the consolidated financial statements do not include any adjustments that may result from the outcome of these uncertainties. While management is confident in its ability to raise additional funds, if the Group is not successful in obtaining the additional funds required to continue its operational activities, there is substantial doubt that the Group will be able to continue as a going concern.

Statement of compliance

The interim financial statements of TME Pharma N.V. and its subsidiaries as of and for the six months ended 30 June 2022 and 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

The Group has adopted in its accounting policies all of the International Financial Reporting Standards that became effective for accounting periods beginning on or after 1 January 2022, and that are relevant to its operations. Additionally, the Group takes into consideration all Interpretations of the IFRS Interpretations Committee.

New standards and interpretations applied for the first time

The following new and amended standards were effective for annual periods beginning on or after 1 January 2022 and have been applied in preparing these interim consolidated financial statements.

Standard/interpretation	Effective Date
IFRS 3 Amendments: Reference to the Conceptual Framework	1 January 2022
IAS 16 Amendments: Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IAS 37 Amendments: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Improvements to IFRS 2018 – 2020 (IFRS 1, IFRS 9, IAS 41, IFRS 16)	1 January 2022

The standards, amendments to standards and new or amended interpretations had no significant effect on the interim financial statements of the Group.

New standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations are effective and will be applied in annual periods beginning after 1 June 2022.

Standard/interpretation	Effective Date
IAS 1 Amendments Classification of Liabilities as Current or Non-current*	1 January 2023
IAS 1 and IFRS Practice Statement 2 Amendments Disclosure of Accounting Policies	1 January 2023
IAS 8 Amendment Definition of Accounting Estimates	1 January 2023
IAS 12 Amendment Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
IFRS 17 Amendments Insurance Contracts	1 January 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS)	1 January 2023
Amendments to IFRS 10, IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	undetermined

*not yet endorsed by European Union

Significant accounting policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021 with the exception of new amendments to standards and new or amended interpretations applied for the first time as described above.

Significant accounting judgments and estimates

The preparation of the Group's interim financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making management judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

In preparing these consolidated interim financial statements, the critical judgments made by management in applying the Group's accounting policies and the key accounting estimates were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. Financial Risk Management Objectives and Policies

No significant changes were made to the Group's financial risk management objectives and policies compared to the year ended 31 December 2021. No new financial instruments were recognized or significant changes to the financial risks occurred during the six months ended 30 June 2022.

The COVID-19 outbreak and the Russia-Ukraine conflict had no impact on the interim financial reporting and is expected to have no adverse impact on the financial statements in the second half year of 2022. For details concerning the impact of the COVID-19 outbreak and the Russia-Ukraine conflict on the operations of the Group we refer to the Business Highlights presented in the Management and Activity Report of this Half-Year Financial Report.

4. Financial assets

Current financial assets comprise rental deposits. The carrying amount of the financial assets is a reasonable approximation of the fair value.

5. Equity

As of 30 June 2022, the subscribed capital of the Company amounts to K€ 1,361 and is divided into 136,109,449 ordinary shares each with a nominal value of € 0.01. As of 30 June 2022, the authorized share capital amounts to K€ 2,500 divided into 250,000,000 ordinary shares, each with a nominal value of € 0.01. With respect to the share consolidation consummated subsequent to the balance sheet date, we refer to Note 12. With respect to the increase in authorized capital effective as of 27 July 2022, we refer to the paragraph below. All shares are registered shares. No share certificates shall be issued.

During the first six months of 2022, the Company issued an aggregate of 61,507,899 ordinary shares and raised € 4.5 million cash in connection with the following financing transactions:

- Issuance of 1,105,445 ordinary shares to Yorkville through the exercise of 41,778 warrants leading to a cash inflow of K€ 85, and
- Issuance of 60,402,454 ordinary shares against conversion of 5,550 convertible bonds (comprising of 2,419 convertible bonds outstanding on 31 December 2021 and 3,131 convertible bonds out of 4,838 convertible bonds issued in the first six months of 2022) against cash inflow of K€ 4,418) with a nominal amount of € 1,000 each.

As a result, additional subscribed capital of K€ 615 and additional paid-in capital of K€ 7,049 were recognized less issuance costs of K€ 9.

Furthermore, share-based compensation of K€ 386 in the first six months of 2022 was recognized in additional paid-in capital.

As of 30 June 2022, the Company held 121,193 (31 December 2021: 94,591) ordinary shares as treasury shares.

The annual general meeting on 29 June 2022 approved resolutions increasing the authorized share capital of the Company from € 2,500,000 divided into 250,000,000 ordinary shares, each with a nominal value of € 0.01 (as of 29 June 2022 prior to the share consolidation becoming effective) to € 4,850,000, divided into 3,500,000 ordinary shares and 1,350,000 preference shares, each with a nominal value of € 1.00 (after the share consolidation becoming effective on 27 July 2022). If the Company's issued and paid-up preference share capital amounts to € 1,250,000, comprised of 1,250,000 preference shares, the authorized capital automatically increases to € 11,000,000, divided into 6,750,000 ordinary shares and 4,250,000 preference shares, each with a nominal value of € 1.00. If the Company's issued and paid-up ordinary share capital amounts to € 3,250,000, comprised of 3,250,000 ordinary shares, the authorized capital automatically increases to € 16,000,000, divided into 11,500,000 ordinary shares and 4,500,000 preference shares, each with a nominal value of € 1.00.

For transactions subsequent to the balance sheet date impacting equity, we refer to Note 12.

6. Share-based compensation

Note 6 Share-based compensation should be read in conjunction with Note 12 with respect to the number of issued and outstanding stock options adjusted for the share consolidation consummated after the balance sheet date.

Under the 2016 Stock option and incentive plan ("SOIP"), the Company granted 474,200 time-based stock options on 29 June 2022 to members of the Supervisory Board.

The movements in the number of time-based stock options outstanding and their related weighted average exercise prices (in €) are as follows:

	Six months June 2022		31 December 2021	
	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options
Outstanding at 1 January	€ 0.597	6,107,530	€ 1.691	1,076,668
Granted during the period	€ 0.049	474,200	€ 0.365	5,063,149
Forfeited and expired during the period	€ 0.378	126,349	€ 0.650	32,287
Outstanding at period end	**€ 0.561**	**6,455,381**	**€ 0.597**	**6,107,530**

In the table above, time-based stock options are presented as granted in the period that the service commencement and expense recognition have started. As of 30 June 2022, 2,238.618 of the outstanding stock options are vested and exercisable (31 December 2021: 572,308 stock options), with exercise prices between € 0.049 and € 11.700 (31 December 2021: exercise prices between € 0.650 and € 11.700). No stock options have been exercised during the period.

In determining the fair values of its listed ordinary shares as of each grant date, the published share price at closing for TME Pharma's ordinary shares at the Euronext Growth stock exchange was used. The fair value of the stock options issued was calculated using a Black Scholes option valuation model.

Measurement parameters for the stock options granted in the first six months of 2022 are summarized below:

	29 June 2022
Share price (in €)	0.049
Option exercise price (in €)	0.049
Volatility	101 %
Expected life	10.0 years
Dividend yield	0.00 %
Risk-free rate	1.61 %
Fair value per option (in €)	0.04

The fair value of the time-based stock options granted is expensed based on a graded vesting schedule. During the six months ended 30 June 2022 and 2021, the total share-based payment expense recognized for the stock options issued under the SOIP amounted to K€ 386 and K€ 111, respectively.

7. Financial liabilities

In the first six months of 2022, 4,838 convertible bonds were issued (as compared to 2,368 convertible bonds issued in the first six months of 2021), totaling drawn tranches of convertible bonds in the nominal amount of € 4.4 million (€ 2.2 million in the first half of 2021). In the first six months of 2022, Atlas Special Opportunities, LLC (ASO) converted 5,550 bonds (1,096 bonds in the first half of 2021) against issuance of 60,402,454 ordinary shares (2,719,839 ordinary shares in the first half of 2021) of the Company. On 30 June 2022 and 31 December 2021, 1,707 and 2,419 convertible bonds were issued and outstanding, respectively.

As of 30 June 2022 and 31 December 2021, the fair value of the convertible bonds issued and outstanding to ASO (current financial liabilities) amounted to K€ 1,707 and K€ 2,419,

respectively, reflecting the amount payable on demand. The fair value of the bifurcated compound embedded derivative (current derivative financial liability) as of 30 June 2022 and 31 December 2021 amounted to K€ 166 and K€ 86, respectively, measured at level 3 with a Black-Scholes model.

In connection with the convertible bonds financing, total finance income (all non-cash) of K€ 196 as well as total finance cost (all non-cash, except for transaction costs of K€ 62 borne by the Company in conjunction with the issuance of convertible bonds) of K€ 2,780 was recognized for the six months ended 30 June 2022. In the six-months ended 30 June 2021, total finance income (all non-cash) of K€ 92 as well as total finance cost (all non-cash, except for transaction costs of K€ 47 borne by the Company in conjunction with the issuance of convertible bonds) of K€ 512 was recognized.

As of 30 June 2022 and 31 December 2021, nil and 41,778 detachable warrants, respectively, issued to Yorkville are outstanding. Based on an option pricing model, the fair value of these warrants outstanding (current and non-current derivative financial liabilities) as of 30 June 2022 and 31 December 2021 amounted to nil and nil, respectively. For the six months ended 30 June 2022, no non-cash finance income or finance costs and for the six months ended 30 June 2021, non-cash finance income of K€ 38 relating to fair value adjustments of warrants outstanding were recognized. For the six months ended 30 June 2022 and 2021, non-cash finance costs relating to the exercise of 41,778 warrants issued to Yorkville, Kreos and certain other investors converted into equity of K€ 39 and 64,515 warrants exercised of K€ 455 were recognized, respectively.

For the six months ended 30 June 2022 and 2021, total finance income (all non-cash) of K€ 196 and K€ 130, respectively as well as total finance cost (all non-cash, except K€ 62 and K€ 47) of K€ 2,820 and K€ 968, respectively were recognized for the financial instruments and interest paid relating to leases of the Group.

8. Loss per share

The loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of outstanding ordinary shares (excluding treasury shares).

in thousands of €	**Six months ended 30 June 2022**	**Six months ended 30 June 2021**
Net loss	(10,327)	(6,761)
Weighted number of ordinary shares outstanding	900,523	610,932
Loss per share, basic and diluted in € per share	**(11.47)**	**(11.07)**

In accordance with IAS 33.64, the number of ordinary shares was adjusted for the share consolidation consummated after the balance sheet date, such that every 100 ordinary shares with a nominal value of € 0.01 each were consolidated and converted into one new ordinary share with a nominal value of € 1.00, as if this event had occurred at the beginning of the earliest period presented.

For the purposes of the loss per share calculation no dilutive instruments are taken into account. Share options under the share-based payment plans as well as convertible bonds and warrants outstanding were excluded because the effect would be anti-dilutive.

9. Research and development expenses

in thousands of €	Six months ended 30 June 2022	30 June 2021
Costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing	4,700	4,201
Personnel expenses	587	479
Patent costs and consulting services	360	170
Other	67	57
Total	**5,714**	**4,907**

The increase in research and development expenses in the first six months of 2022 compared to the first six months of 2021 is mainly driven by higher costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing, as well as higher personnel expenses, patent costs and other expenses. When share-based payment expenses for the six months ended 30 June 2022 and 2021 (amounting to K€ 121 and K€ 39, respectively) are excluded, the remaining personnel expenses are K€ 466 and K€ 440, respectively.

10. General and administrative expenses

in thousands of €	Six months ended 30 June 2022	30 June 2021
Personnel expenses	1,117	544
Legal, consulting and audit fees	526	326
Public and investor relations and related expenses	169	104
Other	202	151
Total	**2,014**	**1,125**

The increase in general and administrative expenses in the first six months of 2022 compared to the first six months of 2021 is predominantly driven by higher personnel expenses as well as higher legal, consulting and audit fees, higher public and investor relations and related expenses and higher other expenses. When non-cash share-based payment expenses for the six months ended 30 June 2022 and 2021 (amounting to K€ 265 and K€ 72, respectively) are excluded, the remaining personnel expenses are K€ 852 and K€ 472, respectively.

11. Related party transactions

Shareholder with significant influence

As of 30 June 2022, the Company had no shareholder with significant influence. As of 31 December 2021, the Company had no shareholder with significant influence.

Management Board

The members of the Management Board (Board of Directors of the Company) of TME Pharma N.V. are:

Dr. Aram Mangasarian
Chief Executive Officer

Bryan Jennings (since 15 December 2021)
Chief Financial Officer

Supervisory Board

The members of the Supervisory Board are:

Dr. Maurizio PetitBon
Chairman of the Supervisory Board,
General Partner of Kreos Capital, London, Great Britain

Dr. Martina J. van Vugt (since 24 June 2021)
Deputy chair
Senior Vice President Corporate Strategy and Planning of Genmab, Utrecht, the Netherlands

Susan Coles (since 24 June 2021)
General Counsel and Head of Finance at Vivet Therapeutics, Paris, France

Dr. C.A, (Oscar) Izeboud (since 30 June 2020)
CEO of Scenic Biotech BV, Amsterdam, the Netherlands

Gregory Weaver (since 24 June 2021 until 30 September 2022)
Interim CFO at BioIntelliSense Inc., Golden, CO, USA,

Dr. J. Donald deBethizy (until 24 June 2021)
Consultant, Frederiksberg, Denmark

Mr. Bertram Köhler (until 24 June 2021)
Member of the Management Board of the DEWB AG, Jena, Germany

Other transactions

The Group did not conclude any new significant transactions with related parties during the reporting period.

Remuneration

The principles and policies of the remuneration are described in the Company's consolidated financial statements for the year ended 31 December 2021.

For the six months ended 30 June 2022 and 2021, the short-term employee benefits for the key management personnel (Management Board and senior medical advisor on consultancy basis) comprise fixed and variable compensation of K€ 527 (thereof accrued expenses K€ 163) and K€ 254, respectively.

As of 30 June 2022, the number of issued and outstanding options for key management personnel under the SOIP was 2,932,499 with a weighted average exercise price of € 0.580. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 169.

On 24 June 2021, the Company granted 1,439,932 stock options under the SOIP to key management personnel with an exercise price of € 0.378. As of 30 June 2021, the number of issued and outstanding options for key management personnel under the SOIP was 1,873,425 with a weighted average exercise price of € 0.75. Under the SOIP, the share-based payment transactions recognized as an expense during the first six months of 2021 amounted to K€ 34.

Under the share participation models, the share-based payment transactions recognized as an expense amounted to nil in both periods.

Thus, the total compensation for the key management personnel for the six months ended 30 June 2022 and 2021 was K€ 696 and K€ 288, respectively.

In the six months ended 30 June 2022 and 2021, the remuneration for the Supervisory Board amounted to K€ 59 (thereof accrued expenses K€ 59), and K€ 20, respectively.

On 29 June 2022, the Company granted 474,200 stock options under the SOIP to members of the Supervisory Board with an exercise price of € 0.049. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 44.

On 24 June 2021, the Company granted 403,632 stock options under the SOIP to members of the Supervisory Board with an exercise price of € 0.378. As of 30 June 2021, the number of issued and outstanding options for the Supervisory Board under the SOIP was 552,444 with a weighted average exercise price of € 0.75. Under the SOIP, the share-based payment transactions recognized as an expense during the first six months of 2021 amounted to K€ 16.

Under the share participation models, the share-based payment transactions recognized as an expense amounted to nil in both periods.

Thus, the total compensation for the supervisory board members for the six months ended 30 June 2022 and 2021, was K€ 103 and K€ 36, respectively.

12. Events after the balance sheet date

Subsequent to 30 June 2022, the following financing and other subsequent events occurred:

- ASO converted 200 of the 1,707 convertible bonds issued and outstanding on 30 June 2022.
- The Company issued 3,300 of ASO convertible bonds with a nominal value of € 3.3 million with a cash-inflow of € 3.0 million.

As a result of the capital increases described above, the number of ordinary shares increased subsequent to 30 June 2022 by 51,869 shares. The number of convertible bonds issued and outstanding amounts to 4,807.

On 27 July 2022, the amendment of the Articles of Association, as resolved by the Annual General Meeting on 29 June 2022, effecting the share consolidation was consummated, such that every 100 ordinary shares with a nominal value of € 0.01 each were consolidated and converted into 1 new ordinary share with a nominal value of € 1.00. After the share

consolidation has taken effect on 27 July 2022, the total issued share capital amounts to € 1,361,094 divided into 1,361,094 ordinary shares of € 1.00 each. Trading of the new shares with ISIN NL0015000YE1 on the Euronext Growth Paris market commenced on 28 July 2022, and reverse stock split settlement took place on 1 August 2022. Further, on 27 July 2022 as resolved by the Annual General Meeting on 29 June 2022 the authorized capital was increased. We refer to Note 5.

As a result of the capital measures described above the number of ordinary shares outstanding amounts to 1,412,963.

Subsequent to 30 June 2022, on 5 July 2022 5,476,271 stock options under the SOIP were cancelled and on 13 July 2022 14,964,600 options under the SOIP were issued. Following this, 16,056,848 stock options were issued and outstanding. The cancellation and issuance is treated as a modification of the share option plan whereby the increase in fair value was allocated to already exercisable options and recognized immediately (K€ 25) and the remainder allocated to future vesting periods (K€ 34). Newly issued share options were measured at the grant date with the related share option expense of K€ 683 allocated to future vesting periods. After the share consolidation as described above was consummated, the number of issued and outstanding stock options amounted to 160,561.

Amsterdam, 26 October 2022

TME Pharma N.V.

Originally signed by:

Board of Directors

Dr. Aram Mangasarian, CEO

Bryan Jennings, CFO

Management and Activity Report

Management of TME Pharma N.V. (the “Company” or “TME Pharma”) and its controlled subsidiaries (the “Group”) hereby presents its condensed consolidated interim financial statements as of 30 June 2022. The interim financial statements of the Group as of 30 June 2022 have been prepared by the management as a going concern regarding assumptions and hypothesis mentioned in the Note 2 “Going concern” of the interim financial statements.

Business Highlights

The Group has been focused on the clinical development of NOX-A12, its anti-CXCL12 agent combined with radiotherapy, immunotherapy (the anti-PD-1 checkpoint inhibitor, pembrolizumab) and more recently anti-angiogenic therapy (the anti-VEGF antibody, bevacizumab). Each approach has a unique underlying rationale for combination with NOX-A12 and thus diversifies the risk of the TME Pharma clinical pipeline. With the recent data emerging from the GLORIA Phase 1/2 brain cancer trial, the Company has prioritized development of this indication since management believes that it presents the most rapid path to regulatory approval.

Combination approaches of NOX-A12 are being tested in a Phase 1/2 trial in newly diagnosed patients with aggressive brain cancer (glioblastoma) who would not clinically benefit from standard of care chemotherapy (since they carry the biomarker of an unmethylated MGMT promoter, sign of very poor prognosis where standard of care provides limited or no clinical benefit) and where neurosurgeons are unable to remove all tumor tissue visible in an MRI scan. There are three active patient cohorts to this trial 1) the NOX-A12 dose escalation, which tests three doses of NOX-A12 (200, 400 or 600 mg/week) combined with radiotherapy (10 patients), 2) the bevacizumab expansion arm which tests NOX-A12 at 600 mg/week with radiotherapy and bevacizumab (six patients), and 3) the pembrolizumab expansion arm that tests NOX-A12 at 600 mg/week with radiotherapy and pembrolizumab (recruiting up to six patients).

Data from the dose-escalation part of the GLORIA Phase 1/2 study in glioblastoma presented at the 2022 *American Society of Clinical Oncology* (ASCO) Annual Meeting in June 2022 showed that 90% of patients treated with radiotherapy and NOX-A12 alone achieved tumor size reductions, with 40% reaching radiographic partial response, i.e. a reduction of at least 50% in the size of the tumor. Thus, the combination of NOX-A12 with radiotherapy appears to have a beneficial impact on tumor size in nearly all patients. One of the clinical sites participating in the GLORIA study generated a historical control cohort from glioblastoma patients matched the GLORIA patients (i.e., incompletely resected MGMT-unmethylated tumors) that showed a 10% objective response rate and only 25% of patients attaining tumor size reductions. TME Pharma believes these preliminary results are highly encouraging, in particular considering the extremely poor response to treatment patients with incompletely resected MGMT-unmethylated tumors have had historically.

Preliminary results from the bevacizumab expansion arm published a few weeks later showed 100% radiographic partial response in all five patients evaluable at the time (out of a total of six patients recruited), suggesting an even deeper and more sustained response when NOX-A12 is combined with both radiotherapy and bevacizumab. The Company continues to treat these patients and observe as data mature over time paying particular attention to the clinical condition of the patients (neurological function and quality of life) as they continue their therapy.

The dramatic increase of activated, proliferating killer T-cells (CD8 T-cells expressing Ki67 & Granzyme B) seen in the brain tumor tissue of the two patients that have had on-therapy surgery in the NOX-A12 dose escalation suggested that despite the “immune privilege” of the brain, NOX-A12 + radiotherapy is able to increase and maintain these beneficial T-cells in the tumor tissue. This observation was the basis to test the addition of the immune checkpoint inhibitor, pembrolizumab, in combination with NOX-A12 and radiotherapy. In August 2022, we announced that the Data Safety Monitoring Board (DSMB) validated safety data from the initial four weeks of treatment of the first patient enrolled in the pembrolizumab expansion arm, and concluded it is appropriate to continue with recruitment of the remaining 5 patients.

The development of drugs to treat a difficult and aggressive cancer like glioblastoma is a challenging and lengthy process, and past studies in glioblastoma have shown the difficulty of proving the translation from overall response rate (ORR) to overall survival (OS), so the next phase of NOX-A12's development will need to focus on overall survival as well as the durability of responses. With more mature data on survival from the ongoing GLORIA Phase 1/2 study, *TME Pharma* is planning to meet regulators, which should provide improved visibility on the clinical trial design required to achieve the Company’s goal of an approved therapy, and hence the financial needs to move NOX-A12 closer to regulatory approval.

The latest data from the GLORIA NOX-A12 trial in glioblastoma patients has been selected for a poster presentation at the 2022 Society for Neuro-Oncology (SNO) Annual Meeting, taking place November 16-20 in Tampa, Florida. This will be an opportunity to provide an update on the progress of the trial, in particular data from the bevacizumab expansion arm.

The final peer-reviewed data from the Phase 1/2 trial testing the combination of NOX-A12 + immunotherapy in metastatic pancreatic and colorectal cancer whose tumors grew despite standard therapy was published in 2021 in the *Journal for ImmunoTherapy of Cancer* (Suarez-Carmona et al., 2021). Both the NOX-A12 mechanistic data as well as the overall survival figures observed following treatment with the combination of NOX-A12 and anti-PD1 have been highly encouraging for the patient population tested in this study. The patients enrolled in the trial all had advanced disease with liver metastases and received on average their 6th line of therapy in colorectal cancer and their 4th line of therapy in pancreatic cancer. Despite the advanced disease and heavy pre-treatment, overall survival at one year was 20% as assessed by the Kaplan-Meier method. Of particular interest, this group of longer-term survivors contained two pancreatic cancer patients who received NOX-A12 + pembrolizumab as their 4th line of treatment during the trial.

Following these promising results, TME Pharma decided to pursue the NOX-A12 + immunotherapy combination in 2nd line pancreatic cancer. A two-step approach is planned for this indication with a first trial comparing two NOX-A12 combinations in 2nd line patients followed by a pivotal trial comparing the best combination to standard of care. To conduct this study, TME Pharma and MSD (Merck & Co., Inc., Kenilworth, N.J. USA) entered a second clinical collaboration by which MSD will provide pembrolizumab (KEYTRUDA®) and expert advice for the study protocol. The clinical trial protocol has been approved by regulatory authorities in France and Spain and discussions are ongoing with the US Food and Drug Administration (FDA). With the prioritization of brain cancer in the near-term, the Company’s goal is to obtain approval for the clinical trial protocol from the FDA in order to be ready to initiate the trial once financial resources are available beyond that needed for development of NOX-A12 in brain cancer.

All clinical trials planned are subject to regulatory authority review and approval, and changes in the standard of care may significantly affect the feasibility of initiating or completing the contemplated clinical trials, obtaining regulatory approval and commercial

success. More generally, the development of new medicines by small companies involves significant risks for investors, please consult our most recent annual report and our prospectus for a full description of risks.

On the financing front, the Group was able to raise € 4.3 million net cash during the reporting period under the agreement with ASO, complemented by an additional financing of € 3 million net cash from the same facility secured since 30 June 2022 providing TME Pharma with sufficient financial visibility into June 2023. In addition to these financial resources, TME Pharma has access to an additional € 15.7 million net cash under the ASO convertible bond facility.

TME Pharma is closely monitoring the progress of COVID-19 and its potential impact on the operations of the Group. As requested by the European Medicines Agency (EMA), TME Pharma has critically assessed the risks and benefits of therapy continuation and inclusion of new trial participants in its clinical trial of NOX-A12 combined with radiotherapy in first-line brain cancer patients. Following a thorough evaluation and discussion with the partners involved in the trial, it has been decided to continue both the treatment of enrolled patients and recruitment of additional patients. The safety of patients, hospital staff and employees, as well as the severity of the disease under study and the limited options currently available for treatment were important factors in this decision. Overall, the impact on trial recruitment, the main route for value creation, as well as the impact on the organization and the staff has been manageable. However, delays in manufacturing outside the control of the Group occurred at our service providers. More generally, TME Pharma has noted difficulties at several of its service providers with longer required lead-times for project initiation, difficulties obtaining manufacturing supplies, and higher rates of technical errors that need to be corrected. We believe that this stems from the burden on service-provider staff of operating for a long period of time under COVID-imposed restrictions, reduced on-site staffing and global supply-chain issues. It is difficult to predict when, or to what extent such issues may affect Group timelines in the future.

The Group is also monitoring the impact the Russia-Ukraine conflict is having and could have on its operations. While the Group has no direct activity in Ukraine or Russia, potential indirect consequences on financing and operations of the Group are being monitored and evaluated in order assess and appropriately manage these risks. However, for now and based on the currently available information, the Group does not expect the Russia-Ukraine conflict to have a material, direct impact on its operations, though we expect it to continue to make financing more challenging through its impact on macroeconomic factors that reduce the attractiveness to investors of investing in small-cap biotechnology companies versus other types of investments.

Business Highlights During 2022 Year-to-Date

Top-line data from NOX-A12 Dose Escalation in Brain Cancer Patients Reported at the 2022 ASCO Annual Meeting. In June 2022, the top-line results from the NOX-A12 Phase 1/2 GLORIA trial in brain cancer (glioblastoma) were communicated in a poster presentation at the ASCO Annual Meeting presented by Dr. Frank A. Giordano. Key points of the poster included:

- 90% of patients who received NOX-A12 and radiotherapy achieved tumor size reductions vs. 25% of patients in a matched reference cohort receiving standard of care
- 40% of patients who received NOX-A12 and radiotherapy achieved partial response (defined as tumor size reduction of more than 50%) vs. 10% in a matched reference cohort receiving standard of care
- In 30% of patients who received NOX-A12 and radiotherapy, one or more non-target lesions (smaller secondary lesions) completely disappeared

- Infiltration of the tumor with activated, cytotoxic T-cells and M1-like macrophages was seen in both patients who had repeat surgery during NOX-A12 therapy, consistent with NOX-A12 and radiotherapy overcoming immune cell exclusion and making the tumors immunologically "hotter"
- The combination of NOX-A12 and radiotherapy was safe and well tolerated, with no dose limiting toxicities and no treatment-related deaths. Only 4% of the adverse events of Grade 2 or more were deemed solely NOX-A12-related.

Bevacizumab extension arm preliminary safety and efficacy data. Preliminary data from the bevacizumab extension arm were published in a press release in June 2022 for the first five patients. The combination appeared to be safe and well tolerated and resulted in radiographic partial response in all patients. Reductions in tumor size at latest time-points as assessed in June by an independent central reader ranged from -54.7% to -94.7%, suggesting deeper and more sustained responses than seen with NOX-A12 plus radiotherapy.

Strengthening of balance sheet. By the drawdown of tranches in January and April 2022, the Company secured financing of €4.3 million net cash under the agreement with ASO in the first half-year 2022. After 30 June 2022, €3 million net proceeds were raised after an amendment agreement with ASO in May 2022, increasing the tranche size to €1 million net and adjusting the conversion conditions to those in the original agreement of April 2020.

Collaboration with the U.S. National Cancer Institute. In June 2022, TME Pharma entered into a material transfer agreement with the U.S. National Cancer Institute (NCI) of the National Institutes of Health (NIH), to further explore the effects of NOXXON's lead compounds, the CXCL12 inhibitor NOX-A12 and the CCL2 inhibitor NOX-E36, on brain tumors as part of a research program that is led by Mark R. Gilbert, M.D., Chief of the Neuro-Oncology Branch at the National Cancer Institute's Center for Cancer Research (NCI/CCR), part of the NIH.

New corporate identity. In July 2022 NOXXON officially changed its name from "NOXXON" to "TME Pharma" to reflect its evolution into an oncology biotech with a clear focus on advancing approaches altering the tumor microenvironment (TME). The ticker symbol for the Company's common stock on the Euronext Growth Paris was changed from "ALNOX" to "ALTME" In the same month, the Company completed and effected its share consolidation (finalized in August 2022).

Safety of NOX-A12 + radiotherapy and pembrolizumab established. In August 2022, TME Pharma announced the Data Safety Monitoring Board (DSMB) confirmed safety data from the initial four weeks of treatment of the first patient enrolled in the pembrolizumab extension arm and validated recruitment of the remaining 5 patients in that arm.

Outlook

TME Pharma continues to make progress in its ongoing Phase 1/2 trial of NOX-A12 combination therapies in first-line, brain cancer (glioblastoma) patients who are shown by biomarker analysis of their tumor tissue to be resistant to the current standard of care chemotherapy. The Company has made the strategic decision to concentrate current capabilities on advancing development of NOX-A12 in glioblastoma since management believes that this indication the fastest path to regulatory approval for NOX-A12 in the solid tumor space.

For the remainder of the year, the Company expects to report additional clinical data as our clinical trial matures. At the SNO conference in November 2022, TME Pharma will provide an update on the progress of both the dose escalation cohort and the bevacizumab extension arm.

TME Pharma continues to operate efficiently, with almost 75 percent of operating costs dedicated to research and development and a small team of highly qualified professionals. As the Company is concentrating its current capabilities towards the strategic goal of bringing NOX-A12 to patients, it will require additional funding to continue development on the most efficient path, and also to initiate its other clinical trial in pancreatic cancer. The planned Phase 2 OPTIMUS trial of NOX-A12 in pancreatic cancer has been fully approved in France and Spain and the study design is being discussed with the US FDA such that the trial could be rapidly initiated when appropriate financing is available.

The financial environment of the last 18 months has proven to be unprecedented in its effect on biotech stocks. The market has seen valuations fall across the board, with many investors exiting the space and funding increasingly hard to source and secure. TME Pharma has recently introduced new capital structures including a share consolidation and a preferred share class, both of which aim to help us attract long-term institutional investors. The Company believes that with its lean structure and value created through its clinical performance, it is now better positioned in terms of its attractiveness to investors despite the current adverse financing conditions.

Once the data from the brain cancer trial matures sufficiently, the Group plans to confirm that its planned approach is acceptable to complete development and to achieve market approval in this indication. Since the Group will need to target a survival benefit in registrational trials, regulatory interactions on the NOX-A12 + RT + bevacizumab combination are planned as soon as TME Pharma has sufficient data on this parameter for substantive discussions with the European and U.S. regulators. Based on current trends the Group expects sufficient data, including 12-month survival rates, will be available in April 2023. It should be noted that the longer the patients survive and remain in good clinical condition (neurological function and quality of life), the better it is for the Group’s regulatory discussions and partnering efforts.

The Group will carefully monitor its available cash and calibrate additional financings through available sources in order to ensure its ability to continue to advance its clinical development plans in brain cancer and, to the extent deemed appropriate, maintenance of a sufficient cash runway, yet minimize shareholder dilution whenever possible. Considering cash and cash equivalents as of 30 June 2022 of € 8 million and additional cash resources from convertible bonds drawn in August and September 2022 in the amount of € 3 million, TME Pharma has sufficient financial visibility into June 2023. In addition, TME Pharma has a secured convertible bond financing of a total amount of € 15.7 million net cash drawable in specified tranches of €1 million net at the Company’s discretion and subject to customary conditions being met.

Equity status of TME Pharma N.V. after the balance sheet date

As a clinical stage biopharmaceutical company, TME Pharma has incurred operating losses since inception and has not yet reached operating profitability. The Group expects it will incur operating losses for the foreseeable future due to, among other things, costs related to research funding, development of its product candidates and its preclinical programs and its administrative organization.

As explained during the Annual General Meeting in June 2022, the current main route to finance the operations of the Group – the ASO financing – is a convertible bond financing.

Convertible bonds issued are initially recognized as financial liability and are reflected in the balance sheet as a current financial liability. This claim on the Company materializes over time only upon conversion by ASO of its convertible bond in whole or in part at which point in time it will be recognized as equity.

The conversion is in the discretion of ASO und becomes mandatory at the latest 24 months after the date of the issue of the convertible bonds.

As a result of these factors which were addressed at the Annual General Meeting in June 2022, since then the equity status has dropped below one-half of the issued and paid-up capital and the interim management reporting of TME Pharma N.V. subsequent to the balance sheet date of this Half-Year financial Report 2022 presents an equity status that is negative.

Financial Highlights

Key Factors Affecting Results of Operations and Financial Condition

The Group believes that the following factors have had and will continue to have a material effect on its results of operations and financial condition.

Comparison of the First Half-Year 2022 and the First Half-Year 2021

Revenues

For the reporting period, the Group has not generated any revenues. The Group does not expect to generate any revenues from any product candidates that it develops until the Group either signs a licensing agreement or obtains regulatory approval and commercializes its products or enters into collaborative agreements with third parties.

Other operating income

Other operating income decreased from K€ 142 in the first six months of 2021 to K€ 65 in the first six months of 2022. Compared to the sale of raw materials and services provided in the first half of 2021, other operating income was lower in the first half of 2022.

Research and development expenses

Research and development expenses consist of costs incurred that are directly attributable to the development of the Group's product candidates. For more detailed information we refer to Note 9 of the condensed consolidated interim financial statements of TME Pharma N.V.

Research and development expenses increased 16% from K€ 4,907 in the first six months of 2021 to K€ 5,714 in the first six months of 2022. The increase in research and development expenses in the first six months of 2022 compared to the first six months of 2021 is mainly driven by higher costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing, as well as higher personnel expenses, patent costs and other expenses. When share-based payment expenses for the six months ended 30 June 2022 and 2021 (amounting to K€ 121 and K€ 39, respectively) are excluded, the remaining personnel expenses are K€ 466 and K€ 440, respectively.

Research and development costs are expensed as incurred. Management considers that due to regulatory and other uncertainties inherent in the development of pharmaceutical products, the development expenses incurred for its product candidates do not meet all of the criteria for capitalization as required in IAS 38 (Intangible Assets). Accordingly, the Group has not capitalized any development costs.

In general, the Group expects that its research and development expenses will increase in absolute terms in future periods as the Group continues to invest in research and development activities related to developing its pipeline product candidates, and as programs advance into later stages of development and the Group enters into larger clinical trials.

General and administrative expenses

General and administrative expenses consist principally of salaries and related costs for personnel in executive and finance and other general and administrative functions. For more detailed information we refer to Note 10 of the condensed consolidated interim financial statements of TME Pharma N.V.

General and administrative expenses increased 79% from K€ 1,125 in the first six months of 2021 to K€ 2,014 in the first six months of 2022. The increase in general and administrative expenses in the first six months of 2022 compared to the first six months of 2021 is predominantly driven by higher personnel expenses as well as higher legal, consulting and audit fees, higher public and investor relations and related expenses and higher other expenses. When non-cash share-based payment expenses for the six months ended 30 June 2022 and 2021 (amounting to K€ 265 and K€ 72, respectively) are excluded, the remaining personnel expenses are K€ 852 and K€ 472, respectively.

Foreign exchange losses

Foreign exchange losses increased from K€ 33 in the first six months of 2021 to K€ 41 in the first six months of 2022 as a result of increased volume of purchases denominated in currencies other than Euro in the first six months of 2022.

Finance income

Finance income increased 51% from K€ 130 in the first six months of 2021 to K€ 196 in the first six months of 2022. The increase is mainly due to a higher derecognition gain of compound derivative financial instruments in connection with the ASO convertible bonds financing in the first six months of 2022 compared to the first six months of 2021.

The finance income in the first six months of 2022 and in the first six months of 2021 is non-cash finance income.

Finance cost

Finance cost increased 191% from 968 in the first six months of 2021 to K€ 2,820 in the first six months of 2022. Finance cost in the first six months of 2022 relates to the ASO convertible bonds financing with respect to the issuance and conversion of convertible notes into equity and the recognition of compound derivative financial instruments (K€ 2,664), fair value adjustments of compound derivative financial instruments (K€ 116), the exercise of warrants (K€ 39) and interest paid relating to leases (K€ 1).

Finance cost in the first six months of 2021 relates to the ASO convertible bonds financing with respect to the issuance and conversion of convertible notes into equity and the recognition of compound derivative financial instruments (K€ 512), the exercise of warrants (K€ 455), and interest paid relating to leases (K€ 1).

Finance cost in the first six months 2022 and 2021 is non-cash finance cost, except for transaction costs of K€ 62 and K€ 47, respectively, borne by the Company in conjunction with the issuance of convertible bonds and K€ 1 interest in connection with lease payments borne by the Group in both the first six months 2022 and 2021.

Loss before income tax

As a result of the above factors, the Group's loss before income tax increased by 53% from K€ 6,761 in the first six months of 2021 to K€ 10,328 in the first six months of 2022.The loss from operations increased by 30% from K€ 5,923 to K€ 7,704 resulting in an decrease of net cash used in operating activities from K€ 5,929 to K€ 5,859 for the first six months of 2022 mainly as a result of an increase in trade accounts payable and other liabilities of K€ 1,415 in the consolidated statement of cash flows.

Income Tax

Income tax was nil in the first six months of 2022 and in the first six months of 2021, respectively.

Consolidated Statements of Financial Position

Assets

The Group's total non-current assets include intangible assets, equipment, right-of-use assets and financial assets. Total non-current assets decreased from K€ 75 as of 31 December 2021 to K€ 53 as of 30 June 2022. This decrease is mainly due to the amortization of a right-of-use asset resulting from a lease contract that had expired as of 30 June 2022 predominantly for office space amounting to K€ 19 as of 31 December 2021 and K€ 0 as of 30 June 2022, respectively.

The Group's total current assets consist of its cash and cash equivalents in cash balances, other assets and financial assets. Financial assets consist of rental deposits related to the Group's lease agreement. Other assets correspond to prepaid expenses for insurance and service contracts, the Company's liquidity account and claims against local tax authorities for value added tax (VAT) on supplies and services received.

The movements in total current assets from 31 December 2021 to 30 June 2022 primarily relate to a decrease in cash and cash equivalents by K€ 1,463 from K€ 9,456 to K€ 7,993, reflecting the cash outflow for continued research and development activities as well as general and administrative expenses offset by financing activities resulting in a cash inflow of K€ 4,417.

Equity

The Group's total equity includes its subscribed capital, additional paid-in capital, accumulated deficit and treasury shares. The change in equity from 31 December 2021 to 30 June 2022 was mainly due to the effects of capital increases resulting from financing events and the net loss incurred for the first six months of 2022. As a result of the capital increases subscribed capital increased from K€ 746 as of 31 December 2021 to K€ 1,361 as of 30 June 2022 and additional paid-in capital increased from K€ 176,461 to K€ 183,887, respectively. The increase in additional paid-in capital includes share-based payments of K€ 386.

The total equity as of 30 June 2022 amounted to K€ 2,225 compared to K€ 4,502 as of 31 December 2021.

Liabilities

The Group's total current liabilities include trade accounts payable, financial liabilities, lease liabilities and other liabilities. Current liabilities increased from K€ 5,266 as of 31 December 2021 to K€ 6,057 as of 30 June 2022, mainly resulting from the increase in trade accounts payable.

Current financial liabilities decreased by K€ 632 due to the lower number of convertible bonds outstanding in connection with the ASO convertible bonds financing.

Trade accounts payable of K€ 2,235 as of 31 December 2021 increased to K€ 3,795 as of 30 June 2022 in the course of the increased research and development activities. Other liabilities decreased from K€ 505 as of 31 December 2021 to K€ 389 as of 30 June 2022 as a result of decreased accrued personnel expenses.

Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2022

For Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2022 we refer to Note 2 and Note 12 of the condensed consolidated interim financial statements of TME Pharma N.V.

Analysis of Cash Flows

The Group's liquidity requirements primarily relate to the funding of research and development expenses, general and administrative expenses, capital expenditures and working capital requirement. To finance its research and development activities the Group raised funds in the first six months of 2022 from several sources including via the issuance of convertible bonds and the exercise of previously issued warrants.

Net cash used in operating activities

Net cash used in operating activities reflects the Group's net loss before income tax for the period adjusted for, among other things, depreciation and amortization expense, finance income and finance cost, employee stock-based compensation, other non-cash transactions and changes in operating assets and liabilities.

Net cash used in operating activities mainly derived from the net losses generated in the respective periods, which in turn is mainly driven by the research and development as well as the general and administrative expenses incurred. Research and development expenses vary over time dependent on the development stage of each clinical program and the activities related to those clinical programs.

The decrease in net cash used in operating activities from K€ 5,929 in the first six months of 2021 to K€ 5,859 in the first six months of 2022 was mainly a result of non-cash finance costs included in net loss and the increase of trade accounts payable, while the loss from operations increased from K€ 5,923 in the first six months of 2021 to K€ 7,704 in the first six months 2022.

Net cash used in investing activities

The decrease in net cash used in investing activities from K€ 9 in the first six months of 2021 compared to K€ 8 in the first six months of 2022 results from decreased investment activities.

Net cash provided by financing activities

The decrease in net cash provided by financing activities of K€ 9,304 in the first six months of 2021 to K€ 4,417 in the first six months of 2022 was mainly due to financing transactions in the first six months of 2022 and 2021 resulting in a cash-inflow of K€ 4,438 and K€ 9,322, respectively.

Transactions between Related Parties

The Group did not conclude any new significant transactions with related parties during the reporting period.

For related party transactions we also refer to Note 19 of the consolidated statements of financial position as of 31 December 2021 of TME Pharma N.V. and Note 11 of the condensed consolidated interim financial statements as of 30 June 2022 of TME Pharma N.V.

Risk Factors

Risk factors evolved as described in the Business Highlights of the Management and Activity Report of this Half-Year Financial Report (page 21 and 22), but otherwise are similar to those presented in Section Significant Risks and Uncertainties of the Management Report of the Annual Report 2021 (pages 19 to 30). This document is available on the Company's website: www.tmepharma.com.

For the financial risk management objectives and policies we also refer to Note 18 of the consolidated statements of financial position as of 31 December 2021 of TME Pharma N.V..

Declaration by the Persons Responsible for 2022 Half-Year Financial Report

“We declare that, to the best of our knowledge, the condensed consolidated interim financial statements as of 30 June 2022 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of the Company and all the other companies included in the scope of consolidation, and that this Half-Year Management and Activity Report includes a fair view of the important events which occurred during the first six months of the year, their impact on the half-year financial statements and the main transactions between related parties, together with a description of the principal risks and uncertainties that they face in the remaining six months of the year.”

Amsterdam, 26 October 2022

TME Pharma N.V.

Dr. Aram Mangasarian, CEO

Bryan Jennings, CFO