TME Pharma N.V.
Amsterdam, The Netherlands

Half-Year Financial Report 2023
30 June 2023

Contents

Disclaimer I Forward-looking statements

TME Pharma N.V. has included in this Half-Year Financial Report and from time to time may make certain statements in its public statements that may constitute forward-looking statements. These are not historical facts and represent only TME Pharma N.V.'s current views and assumptions regarding future events, many of which are by nature inherently uncertain and beyond TME Pharma N.V.'s control. 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.

Many of these forward-looking statements contained in this Half-Year Financial Report can, without limitation, 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. Forward-looking statements speak only as of the date they are made and TME Pharma N.V. does not intend 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, nor does TME Pharma N.V. assume any obligation to do so.

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TME Pharma N.V., Amsterdam, Netherlands

Condensed Consolidated Interim Statements of Financial Position as of 30 June 2023

(in thousands of €)

Assets	Note	30 June 2023	31 Dec. 2022
Non-current assets			
Intangible assets		4	4
Equipment		45	47
Right-of-use assets		117	174
Financial assets		5	5
		171	**230**
Current assets			
Other assets		283	377
Cash and cash equivalents		3,008	4,634
		3,291	**5,011**
		3,462	**5,241**

Equity and liabilities	Note	30 June 2023	31 Dec. 2022
Equity			
Subscribed capital	(4)	53	1,739
Additional paid-in capital	(4)	191,288	184,839
Accumulated deficit	(4)	-191,294	-187,635
Cumulative translation adjustment	(4)	9	8
Treasury shares		-219	-223
Equity attributable to owners of the Company		**- 163**	**- 1,272**
Non controlling interest		0	0
Total equity		**- 163**	**- 1,272**
Non-current liabilities			
Lease liabilities		5	67
		5	**67**
Current liabilities			
Financial liabilities	(6)	2,296	4,141
Lease liabilities		118	112
Trade accounts payable		1,013	1,695
Other liabilities		193	498
		3,620	**6,446**
		3,462	**5,241**

TME Pharma N.V., Amsterdam, Netherlands
Condensed Consolidated Interim Statements of Comprehensive Loss for the Six-Month Period Ended 30 June 2023

(in thousands of €)	Note	For the six months ended 30 June 2023	30 June 2022
Other operating income		33	65
Research and development expenses	(8)	-1,315	-5,714
General and administrative expenses	(9)	-1,469	-2,014
Foreign exchange result (net)		-13	-41
Loss from operations		**-2,764**	**-7,704**
Finance income	(6)	245	196
Finance cost	(6)	-1,140	-2,820
Loss before income tax		**-3,659**	**-10,328**
Net loss		**-3,659**	**-10,328**
Items that may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences		1	0
Total comprehensive loss		**-3,658**	**-10,328**
Net loss attributable to:			
Owners of the Company		-3,659	-10,327
Non-controlling interests		0	-1
		-3,659	**-10,328**
Total comprehensive loss attributable to:			
Owners of the Company		-3,659	-10,327
Non-controlling interests		0	-1
		-3,659	**-10,328**
Loss per share in EUR per share * (basic and diluted)	(7)	-1.09	-11.47

* Number of ordinary shares for the six months ended 30 June 2022 was adjusted for the share consolidation consummated after 30 June 2022, refer to Note 7.

TME Pharma N.V., Amsterdam, Netherlands
Condensed Consolidated Interim Cash-Flow Statements for the Six-Month Period Ended 30 June 2023

(in thousands of €)

	Note	For the six months ended 30 June 2023	30 June 2022
Operating activities			
Net loss before/after income tax		-3,659	-10,328
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amorization expense		78	30
Finance income		-245	-196
Finance cost		1,140	2,820
Share-based compensation	(5)	201	386
Other non-cash transactions		3	13
Changes in operating assets and liabilities:			
Other current assets		94	1
Trade accounts payable and other liabilities		-1,006	1,415
Net cash used in operating activities		**-3,394**	**-5,859**
Investing activities			
Purchase of equipment		-19	-8
Net cash used in investing activities		**-19**	**-8**
Financing activities			
Proceeds from issuance of shares	(4)	908	85
Transaction costs for issuance of shares		-58	-3
Sale and purchase of treasury shares		4	1
Proceeds from issuance of convertible bonds	(6)	1,004	4,418
Transaction costs for issuance of convertible bonds		-4	-62
Payment of lease liabilities		-56	-21
Interest paid		-8	-1
Net cash provided by financing activities		**1,790**	**4,417**
Net change in cash and cash equivalents		-1,623	-1,450
Cash at the beginning of period		4,634	9,456
Effect of movements in exchange rates on cash held		-3	-13
Cash at the end of the period		3,008	7,993

TME Pharma N.V., Amsterdam, Netherlands

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the Six-Month Period ended 30 June 2023

(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							
1 January 2022		746,015	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			-10,327	-10,318	-1	-10,319
Share-based compensation	(5)					386		386		386
Capital increases as a result of warrant exercises (Yorkville)	(4)	11,054	11			113		124		124
Capital increases as a result of bond conversions	(4)	604,025	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	(4)				1			1		1
30 June 2022		1,361,094	1,361	14	-193	183,887	**-182,830**	**2,239**	**-14**	**2,225**
1 January 2023		1,739,335	1,739	8	-223	184,839	-187,635	**-1,272**	**0**	**-1,272**
Net loss							-3,659	-3,659	0	-3,659
Foreign operations - foreign currency translation differences				1				1		1
Total comprehensive loss				1			-3,659	-3,658	0	-3,658
Share-based compensation	(5)					201		201		201
Capital increases as a result of bond conversions	(4)	2,617,833	2,618			1,094		3,712		3,712
Issuance costs of capital increases resulting from bond conversions						-23		-23		-23
Capital increases resulting from a private placement	(4)	960,025	960			40		1,000		1,000
Issuance costs of capital increases resulting from a private placement						-127		-127		-127
Capital reduction	(4)		-5,264			5,264		0		0
Sale and purchase of treasury shares	(4)				4			4		4
30 June 2023		5,317,193	53	9	-219	191,288	**-191,294**	**-163**	**0**	**-163**

1. Corporate Information

TME Pharma N.V. (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 2023 and 2022 ("interim financial statements") comprise the Company and its wholly owned subsidiaries, TME Pharma AG, Berlin, Germany and TME Pharma Inc., Delaware, 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 anti-vascular agents, 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 2023 of TME Pharma were authorized by the Management Board for issuance on 26 October 2023.

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 2023, the Group incurred a net loss of € 3.7 million (of which the loss from operations amounted to € 2.8 million, resulting in an operating cash outflow of € 3.4 million). As of 30 June 2023, the Group had generated an accumulated deficit of € 191.3 million. The equity position of the Group is negative and amounts to € 0.2 million. To finance its research and development activities from inception through 30 June 2023, 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 2023 of € 3.0 million cash reach will be into February 2024.

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 planning, current financial resources are projected to fund the Group into February 2024. 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 in the fourth quarter 2023 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 2023 and 2022 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 2022.

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 2023, 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 2023 and have been applied in preparing these interim consolidated financial statements.

Standard/interpretation	Effective Date
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
IAS 12 Amendment International Tax Reform – Pillar II Model Rules*	1 January 2023

*not yet endorsed by European Union

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 January 2024.

Standard/interpretation	Effective Date
IAS 1 Amendments Classification of Liabilities as Current or Non-current*	1 January 2024
IFRS 16 Amendments to requirements for sale and leaseback transactions*	1 January 2024
IAS 7 and IFRS 7 Amendment Supplier Finance Arrangements*	1 January 2024
IAS 21 Amendments – Lack of Exchangeability*	1 January 2025
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 2022 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 2022.

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 2022. No new types of financial instruments were recognized or significant changes to the financial risks occurred during the six months ended 30 June 2023.

COVID-19 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 2023. For details concerning the impact of COVID-19 and the Russia-Ukraine conflict on the operations of the Group we refer to the section Clinical and Business Overview presented in the Management and Activity Report of this Hal–Year Financial Report.

4. Equity

As of 30 June 2023, the subscribed capital of the Company amounts to K€ 53 and is divided into 5,317,193 ordinary shares each with a nominal value of € 0.01.

As of 30 June 2023, and according to the amended articles of association of the Company as resolved by the annual general meeting on 29 June 2023, the authorized share capital of the Company amounts to € 212,500 and is divided into 20,000,000 ordinary shares each with a nominal value of € 0.01 and 1,250,000 preference shares each with a nominal value of € 0.01.

In addition and also as of the balance sheet date, the articles of association provide for a transitional provision (which shall terminate and disappear once in effect) regarding the increase in authorized share capital, according to which as per the moment the Company's issued and paid-up share capital amounts to € 200,000 comprised of 20,000,000 ordinary shares, each share having a nominal value of € 0.01, the authorized capital of the Company increases to € 900,000, divided into 80,000,000 ordinary shares and 10,000,000 preference shares, each share with a nominal value of € 0.01

The extraordinary general meeting held on 30 January 2023 resolved to reduce the nominal value of each share from € 1.00 to € 0.01. The difference between the aggregate nominal value of all issued and fully paid-up shares before and after the reduction of the nominal value of K€ 5,264 was not repaid to the shareholders but reclassified to additional paid-in capital. As a matter of Dutch statutory law, the effectiveness of such capital

reduction was subject to observing a statutory creditor opposition period of two months and conditional upon the execution of a partial amendment of the articles of association of the Company to reflect the reduced nominal value of each share. The reduction of share capital became effective on 12 May 2023.

During the first six months of 2023, the Company issued an aggregate of 697,773 ordinary shares against conversion of 800 convertible bonds.

Further, the Company issued an aggregate of 2,880,085 ordinary shares for proceeds of € 1.9 million in cash in connection with the following linked financing transactions concluded in April 2023:

- Issuance of 960,025 ordinary shares in a private placement at a price of € 1.0416 against contribution in cash (K€1,000 gross / K€ 908 proceeds as consideration received for ordinary shares),
- Issuance of 1,920,060 ordinary shares at €1.0416 per share against conversion of 2,000 convertible bonds in two tranches (comprising 1,000 convertible bonds each, all outstanding on 31 December 2022) and
- As part of the linked financing transaction, issuance of 1,100 convertible bonds against K€ 1,080 nominal / K€ 1,004 proceeds with a nominal amount of € 1,000 each that are outstanding as of 30 June 2023

In total, the Company issued an aggregate of 3,577,858 ordinary shares.

As a result, additional subscribed capital of K€ 3,578 and additional paid-in capital of K€ 1,134 were recognized less issuance costs of K€ 150. Upon the effectiveness date of the nominal reduction of subscribed capital on 12 May 2023, the above stated amount of K€ 5,264 was reclassified to additional paid-in capital.

Furthermore, share-based compensation of K€ 201 in the first six months of 2023 was recognized in additional paid-in capital.

As of 30 June 2023, the Company held 14,979 (31 December 2022: 14,341) ordinary shares as treasury shares.

5. Share-based compensation

Under the 2016 Stock option and incentive plan ("SOIP"), the Company granted 363,347 time-based stock options on 29 June 2023 to members of the Management Board, the Supervisory Board, employees, and consultants of the Group.

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 2023		**31 December 2022**	
	Weighted average exercise price	Number of stock options	Weighted average exercise price	Number of stock options
Outstanding at 1 January	€ 7.32	132,907	€ 59.70	61,075
Cancelled during the period	-	-	€ 59.70	54,535
Granted during the period	€ 1.294	363,348	€ 5.09	154,388
Forfeited and expired during the period	€ 37.80	448	€ 7.16	28,021
Outstanding at period end	**€ 2.877**	**495,807**	**€ 7.32**	**132,907**

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 2023,

18,523 of the outstanding stock options are vested and exercisable (31 December 2022: 4,343 stock options), with exercise prices between € 1.294 and € 65.00 (31 December 2022: exercise prices between € 4.90 and € 65.00). 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 2023 are summarized below:

	29 June 2023
Share price (in €)	1.294
Option exercise price (in €)	1.294
Volatility	98 %
Expected life	1.0 to 10.0 years
Dividend yield	0.00 %
Risk-free rate	2.35 %
Fair value per option (in €)	0.50 to 1.15

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 2023 and 2022, the total share-based payment expense recognized for the stock options issued under the SOIP amounted to K€ 201 and K€ 386, respectively.

6. Financial liabilities

In the first six months of 2023, 1,100 convertible bonds were issued (as compared to 4,838 convertible bonds issued in the first six months of 2022), totaling drawn tranches of convertible bonds in the nominal amount of € 1.1 million (€ 4.8 million in the first half of 2022). In the first six months of 2023, Atlas Special Opportunities, LLC (ASO) converted 2,800 bonds (5,550 bonds in the first half of 2022) against issuance of 2,617,833 ordinary shares (604,025 ordinary shares in the first half of 2022) of the Company. On 30 June 2023 and 31 December 2022, 2,207 and 3,907 convertible bonds were issued and outstanding, respectively.

As of 30 June 2023 and 31 December 2022, the fair value of the convertible bonds issued and outstanding to ASO (current financial liabilities) amounted to K€ 2,207 and K€ 3,907, respectively, reflecting the amount payable on demand. The fair value of the bifurcated compound embedded derivative (current derivative financial liability) as of 30 June 2023 and 31 December 2022 amounted to K€ 46 and K€ 234, 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€ 245 as well as total finance cost (all non-cash, except for transaction costs of K€ 4 borne by the Company in conjunction with the issuance of convertible bonds) of K€ 1,132 was recognized for the six months ended 30 June 2023. This amount includes interest accrued of K€ 43 in exchange for the lock-up of convertible bonds issued and outstanding. In the six-months ended 30 June 2022, 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 2023, non-cash finance costs of nil were recognized. For the six months ended 30 June 2022, the exercise of 41,778 warrants issued to Yorkville and converted into equity resulted in finance costs of K€ 39.

For the six months ended 30 June 2023 and 2022, total finance income (all non-cash) of K€ 245 and K€ 196, respectively, were recognized. For the same periods, total finance cost of K€ 1,140 and K€ 2,820, respectively, were recognized for the financial instruments. Finance costs were all non-cash, except for transaction costs and interest paid for lease liabilities of K€ 12 and K€ 63, respectively.

The following tables summarize quantitative disclosures of the Group's financial liabilities measured at their fair value.

	Mandatorily at FVTPL – others	Level 1	Level 2	Level 3
30 June 2023 in thousands of €				
ASO convertible bonds	2,207	-	2,207	-
Compound derivative (ASO)	46	-	-	46
Accrued interest	43	-	43	-
Total	**2,296**	**-**	**2,250**	**46**

	Mandatorily at FVTPL – others	Level 1	Level 2	Level 3
31 December 2022 in thousands of €				
ASO convertible bonds	3,907	-	3,907	-
Compound derivative (ASO)	234	-	-	234
Total	**4,141**	**-**	**3,907**	**234**

Fair value hierarchy

The Group held financial liabilities for which fair values are disclosed above. These fair value measurements would be classified as level 2 in the fair value hierarchy. No changes to the measurement method for calculating the fair value have occurred since initial recognition.

The carrying amount, reflecting the fair value of the derivative financial liabilities was calculated using a level 3 valuation and a Black Sholes model using the following main input parameters: time equivalent risk-free rate of interest published by the European Central Bank, historic share volatility of 67% (31 December 2022: 105%).

For transactions subsequent to the balance sheet date impacting financial liabilities, we refer to Note 11.

7. 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 2023	Six months ended 30 June 2022
Net loss	(3,659)	(10,327)
Weighted number of ordinary shares outstanding	3,365,644	900,523
Loss per share, basic and diluted in € per share	**(1.09)**	**(11.47)**

In accordance with IAS 33.64, the number of ordinary shares as of 30 June 2023 was adjusted for the share consolidation consummated after 30 June 2022, 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.

8. Research and development expenses

	Six months ended	
in thousands of €	30 June 2023	30 June 2022
Costs for drug manufacturing, service fees and other costs related to clinical trials and preclinical testing	542	4,700
Personnel expenses	468	587
Patent costs and consulting services	255	360
Other	50	67
Total	**1,315**	**5,714**

Research and development expenses decreased 77% from K€ 5,714 in the first six months of 2022 to K€ 1,315 in the first six months of 2023. This significant reduction is primarily due to the clinical trial of NOX-A12 in brain cancer nearing completion, which required lower costs while at the same time generating more mature data. The process to bring the pancreatic cancer clinical trial phase 2 protocol to FDA approval in the US was also successfully completed in the first six months of 2023, reducing ongoing costs related to this clinical trial. As a result, TME Pharma was able to decrease drug manufacturing costs, service fees and other costs related to the clinical trials and preclinical testing, in addition to lower personnel expenses, patent costs and consulting services. When share-based payment expenses for the six months ended 30 June 2023 and 2022 (amounting to K€ 73 and K€ 121, respectively) are excluded, the remaining personnel expenses are K€ 395 and K€ 466, respectively.

9. General and administrative expenses

in thousands of €	Six months ended 30 June 2023	30 June 2022
Personnel expenses	731	1,117
Legal, consulting and audit fees	320	526
Public and investor relations and related expenses	173	169
Other	245	202
Total	**1,469**	**2,014**

General and administrative expenses decreased 27% from K€ 2,014 in the first six months of 2022 to K€ 1,469 in first six months of 2023. This decrease in general and administrative expenses is mainly driven by lower personnel expenses and lower legal, consulting and audit fees. Other general and administrative expenses comprise mainly of depreciation of rights of use assets and equipment, supervisory board remuneration, insurance premium, and ancillary leasing costs. When non-cash share-based payment expenses for the six months ended 30 June 2023 and 2022 (amounting to K€ 128 and K€ 265, respectively) are excluded, the remaining personnel expenses are K€ 603 and K€ 852, respectively.

10. Related party transactions

Shareholder with significant influence

As of 30 June 2023, ASO is shareholder with significant influence, holding 1,606,725 ordinary shares of the Company, resulting in a 30.2 % shareholding. Taking into account 2,207 unconverted convertible bonds outstanding as of 30 June 2023 from ASO financing and accrued interest (equivalent to 43 convertible bonds), ASO could hold 47.9 % of the ordinary shares of the Company, if all such convertibles were converted at once assuming a conversion price of € 1.2496 representing the VWAP on the last trading day of the first half-year 2023. Regarding transactions with ASO we refer to Notes 4, 6 and 11.

As of 31 December 2022, the Company was not aware of a direct shareholder with significant influence. Taking into account 3,907 unconverted convertible bonds outstanding as of 31 December 2022 from ASO financing, ASO could have hold 65.2 % of the ordinary shares of the Company, if all such convertible bonds were converted at once assuming a conversion price of € 1.1971 representing the VWAP on the last trading day of the fiscal year 2022, respectively.

Management Board

The sole member of the Management Board (Board of Directors of the Company) of TME Pharma N.V. is:

Dr. Aram Mangasarian
Chief Executive Officer

Supervisory Board

The members of the Supervisory Board are:

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

Dr. Martine J. van Vugt (until 29 June 2023)
Deputy chair (until 29 June 2023)
EVP & Chief Strategy Officer of Genmab, Utrecht, the Netherlands

Susan Coles (since 29 June 2023 as Deputy chair)
General Counsel and Head of Finance at Vivet Therapeutics, Paris, France

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

Gregory Weaver (until 30 September 2022)
CFO of Cognito Therapeutics Inc, Cambridge, Mass., USA

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 2022.

For the six months ended 30 June 2023 and 2022, 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€ 228 (thereof accrued expenses K€ 66) and K€ 527, respectively.

On 29 June 2023, the Company granted 140,312 stock options under the SOIP to key management personnel with an exercise price of € 1.294. As of 30 June 2023, the number of issued and outstanding options for key management personnel under the SOIP was 194,076 with a weighted average exercise price of € 2.340. Under the SOIP, the share-based payment transactions recognized as an expense during the reporting period amounted to K€ 79.

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 2023 and 2022 was K€ 307 and K€ 696, respectively.

In the six months ended 30 June 2023 and 2022, the remuneration for the Supervisory Board amounted to K€ 45 (thereof accrued expenses K€ 31), and K€ 59, respectively.

On 29 June 2023, the Company granted 22,745 stock options under the SOIP to members of the Supervisory Board with an exercise price of € 1.294. As of 30 June 2023, the number of issued and outstanding options for the Supervisory Board under the SOIP was 30,971 with a weighted average exercise price of € 6.656. Under the SOIP, the share-

based payment transactions recognized as an expense during the reporting period amounted to K€ 19.

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 2023 and 2022, was K€ 64 and K€ 103, respectively.

11. Events after the balance sheet date

On 16 October 2023, the six-month soft lock-up period of shares and the lock-up of convertible bonds following the transaction announced on 18 April 2023 ended. At the reporting date, the number of convertible bonds issued and outstanding amounts to 2,348.

Amsterdam, 26 October 2023

TME Pharma N.V.

Originally signed by:

Board of Directors

Dr. Aram Mangasarian, CEO

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 2023. The interim financial statements of the Group as of 30 June 2023 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.

Clinical and Business Overview

The Group has been focused on the clinical development of NOX-A12, its anti-CXCL12 agent, in the GLORIA Phase 1/2 brain cancer clinical trial. This clinical trial evaluates NOX-A12 combined with radiotherapy (dose-escalation part), as well as NOX-A12 combined with radiotherapy and anti-angiogenic therapy (the anti-VEGF antibody, bevacizumab) and more recently, NOX-A12 combined with radiotherapy and immunotherapy (the anti-PD-1 checkpoint inhibitor, pembrolizumab). 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 encouraging data emerging from the GLORIA Phase 1/2 brain cancer trial, the Company has prioritized development of this indication and the NOX-A12 combination with radiotherapy and anti-VEGF in particular, since management believes that it presents the most rapid path to regulatory approval.

These combination approaches of NOX-A12 are being tested 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, a 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 is currently one active patient cohort in which patients are being treated or followed up, the bevacizumab expansion arm, which tests NOX-A12 at 600 mg/week combined with radiotherapy and bevacizumab (six patients).

Excellent efficacy demonstrated by maturing data from the NOX-A12 + radiotherapy + VEGF inhibition expansion arm in Glioblastoma

As treatment and follow-up of patients in the Phase 1/2 GLORIA trial expansion arm with bevacizumab continue, maturing data suggest that adding a VEGF inhibitor, bevacizumab, to NOX-A12 and radiotherapy provides clinical benefit greater than standard of care or NOX-A12 with radiotherapy alone. As of October 2023, the landmark analysis of the percentage of patients receiving NOX-A12 with radiotherapy and anti-VEGF therapy passing the 18-month survival mark reached 67%, outperforming by 13-fold the 18-months survival of 5% seen in the standard of care reference cohort. Median overall survival (mOS) also exceeded 18 months at this timepoint in the NOX-A12 + radiotherapy + bevacizumab arm and continues to improve further with three of six patients (50%) still alive and remaining on study (receiving treatment or follow-up care). This greatly exceeds the expected median overall survival of 10 months for glioblastoma patients treated with standard of care with MGMT unmethylated tumors and incomplete resection (Source: Kreth, 2013) and it outperforms survival in the NOX A12 + radiotherapy dose escalation cohorts where the median OS was 12.7 months. The milestone in survival at 18 months also means the NOX-A12-based therapy has surpassed the survival rates demonstrated by what TME Pharma believes to be all the relevant competitor studies conducted in the US or EU involving newly diagnosed, chemotherapy-resistant (MGMT unmethylated) glioblastoma patients. In addition, the NOX A12-based therapy achieved

this result despite having a more difficult population to treat since only patients with residual detectable tumor after surgery were included the NOX-A12 trial, while competing trials included patients with complete removal of detectable tumor, thus with better prognosis.

In July 2023, the Company provided a positive clinical update on the best response to therapy, reporting one patient achieving complete response in the bevacizumab expansion arm. This patient, who previously had a best response of 89.9% tumor shrinkage, later achieved complete response, meaning the tumor disappeared completely and was no longer detectable by MRI. The complete response comes in addition to 2 patients with previously reported near-complete reductions (>99%) in tumor size, leading to 50% of patients in the GLORIA trial expansion arm achieving a complete or near-complete response. Such positive outcomes are uncommon in this hard-to-treat cancer.

Discovery of a potential predictive biomarker for glioblastoma patients treated with NOX-A12 and radiotherapy

In June 2023, new data from the dose-escalation part of the GLORIA Phase 1/2 study in glioblastoma presented at the 2023 *American Society of Clinical Oncology* (ASCO) Annual Meeting showed that a potential predictive biomarker[1], the "EG12 score" for glioblastoma patients treated with NOX-A12 and radiotherapy, has been identified. EG12 is based on histopathological assessment of tumor tissue collected during standard of care surgery and predicts which patients will benefit most from treatment with NOX-A12 and radiotherapy. Patients with a high EG12 score had a significantly longer median progression-free survival than patients with low EG12 score (6.0 months vs. 3.0 months, p=0.031) and a strong trend for longer median overall survival (15.8 months vs. 11.1 months, p=0.075). TME Pharma believes these biomarker data are highly encouraging and the biomarker could help identify target populations for future clinical trials, thereby enhancing the statistical power of trials and reducing the risk of failure in further development.

Further in-depth analysis of how the combination of radiotherapy and NOX-A12 remodels the immune tumor microenvironment in first-line glioblastoma patients, featuring clinical data from the GLORIA Phase 1/2 trial was showcased in the oral presentation at the European Society for Medical Oncology (ESMO) Congress taking place in Madrid, Spain, on 20-24 October 2023.

Planned regulatory discussions on the NOX-A12 GBM program

The development of drugs to treat a difficult and aggressive cancer like glioblastoma (GBM) is a challenging and lengthy process. With more mature data on survival from the ongoing GLORIA Phase 1/2 study now available, *TME Pharma* is planning to meet regulators, in particular the US Food and Drug Administration (FDA), which should provide improved visibility on the clinical trial design required to achieve the Company's goal of an approved therapy for brain cancer, and hence the financial needs to move NOX-A12 closer to regulatory approval.

First authorization for clinical trial of NOX-A12 in the US granted by US FDA

TME Pharma's first Investigational New Drug (IND) application was approved by the US FDA in May 2023 to evaluate the company's lead asset NOX-A12 in OPTIMUS Phase 2 study in pancreatic cancer. This represents the first comprehensive review and approval of NOX-A12 – and more broadly the first review of the Group's class of compounds – by

[1] A predictive biomarker is a measurable biological characteristic that provides information about the likelihood of an individual patient to respond to a specific treatment

the FDA and will facilitate any future clinical development of NOX-A12 in the US. Following the promising results from the Phase 1/2 trial testing the combination of NOX-A12 + immunotherapy in late-line metastatic pancreatic and colorectal cancer patients (Suarez-Carmona et al., 2021), TME Pharma decided to pursue the NOX-A12 + immunotherapy combination in 2nd line pancreatic cancer as second indication. 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 the first of these studies, 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. In addition to the US, the clinical trial protocol has been approved by regulatory authorities in France and Spain TME Pharma is thus planning to initiate the trial when appropriate financing and drug supply are available beyond that needed for development of NOX-A12 in brain cancer.

Clinical development plans for NOX-E36

While TME Pharma has largely focused its available resources on the clinical development of NOX-A12 during the recent years, TME Pharma also has another clinical stage asset, NOX-E36. NOX-E36 is due to go back into the clinic as part of a Phase 1/2 trial in a solid tumor indication in an investigator-initiated trial (IIT) when sufficient financial resources become available. Clinical-grade drug supply is currently available for this purpose. The Group targets an indication with rapid clinical read-outs that will be of commercial interest to larger pharmaceutical companies.

Management discussion on selected risk factors

All planned clinical trials are subject to regulatory authority review and approval, and changes in the standard of care may significantly affect the strategic interest and/or 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 the risks.

TME Pharma continues to monitor the potential impact of infectious disease pandemics on the operations of the Group. We believe that the impact has been, for the most part, mitigated by the introduction of effective vaccines. Thus, unless we experience an outbreak of new, more aggressive strains of SARS-CoV2 that evade vaccines, we believe that future impact on clinical trials, manufacturing and other key services that the Group relies upon will be minimal.

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.

Financing activities

In the reporting period, the Company raised €2 million as part of an innovatively structured transaction that involved €1.00 million in equity financing (gross) from a group of new

investors and a €1.08 million convertible bond financing (nominal) under the ASO agreement. ASO also converted €2 million of outstanding convertible bonds to shares as part of the transaction at the same price per share as the new investors, thus aligning the financial interests of all investors participating in the transaction. Moreover, the Company has committed not to draw any further tranches from the ASO convertible bond vehicle and the agreement with ASO was terminated other than with regard to the convertible bonds held by ASO following the transaction. This transaction marked the first step in the Company's commitment to end reliance on convertible bond financing. By removing the pressure of convertible bonds and introducing the six-month soft lock-up of shares, the Company's objective was to strengthen its position and valuation on the market, with a goal to enable more attractive conditions for future financing. As a company in a research and development stage, TME Pharma will need to raise additional funds in order to execute on its business planning. Management is engaged in active discussions and anticipates the ability in the coming weeks to extend financial visibility beyond the planned regulatory value inflection points in 2024.

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 resistant to the current standard of care chemotherapy. The Company has made the strategic decision to concentrate its available resources on advancing the development of NOX-A12 in glioblastoma since management believes that this indication offers 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 2023, TME Pharma will provide updates on the progress of the bevacizumab extension arm.

Based on the latest positive survival data reported on 10 October and 20 October showing 50% of patients alive at a median time on study of 18 months and a landmark overall survival at 18 months (OS-18) of 67%, the Group plans to request formal advice from FDA by end of October 2023, with feedback expected in late December, regarding its planned clinical development approach for NOX-A12 in glioblastoma and its potential eligibility for expedited regulatory pathways, such as Fast Track Designation. In the next step, TME Pharma plans to file an Investigational New Drug (IND) for glioblastoma with the FDA along with expedited regulatory pathway access request. Successful IND filing and feedback are targeted by end of Q1 2024.

The financial environment of the last 30 months has proven to be the most demanding funding environment for public biotech companies over the last 20 years. The market has seen valuations fall across the board with the S&P Biotech Index[2] down over 40% since January 2021, with many investors, including generalists and specialists, exiting the space and funding having become increasingly challenging to source and secure. 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.

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, maintain a sufficient cash runway, yet minimize shareholder dilution whenever possible.

[2] The XBI is an equal-weighted index tracking the value of 140 North American Biotech stocks.

Equity status of TME Pharma N.V.

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.

For the period from April 2020 to April 2023, a convertible bonds financing – the ASO financing – has been a main route to finance the operations of the Group. As explained during the Annual General Meeting in June 2023, 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 at the discretion of ASO and becomes mandatory at the latest 24 months after the date of the issue of the convertible bonds. As a result, the equity position of the Company was negative as of 31 December 2022.

In the first six months of 2023, in April 2023, the Company raised € 2 million as part of a transaction that involved € 1.00 million in equity financing (gross) from a group of new investors and a € 1.08 million convertible bond financing (nominal) under the ASO agreement. ASO also converted € 2 million convertible bonds into shares as part of the transaction at the same price per share as the new investors, thus aligning the financial interests of all investors in this transaction. In addition, the ASO agreement was terminated except for arrangements with regard to the already issued convertible bonds.

As a result of these factors and based on monthly interim management reporting, which were addressed at the Annual General Meeting in June 2023, the equity position became positive and was below 50% of the paid-up capital at the end of April 2023. Due to the reduction of the nominal capital, the 50% threshold was exceeded at the end of May 2023. As a result of the ongoing R&D activities of the subsidiary TME Pharma AG, at that time it was expected that equity would fall again below the 50% threshold, and it was considered likely to become negative before the end of the year 2023. The financial statements of this Half-Year Financial Report 2023, present 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 2023 and the First Half-Year 2022

Revenues

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

Other operating income

Other operating income decreased from K€ 65 in the first six months of 2022 to K€ 33 in the first six months of 2023 mainly due to lower income resulting from exchange rate differences.

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 8 of the condensed consolidated interim financial statements of TME Pharma N.V.

Research and development expenses decreased 77% from K€ 5,714 in the first six months of 2022 to K€ 1,315 in the first six months of 2023. This significant reduction is primarily due to the clinical trial of NOX-A12 in brain cancer nearing completion, which required lower costs while at the same time generating more mature data. The process to bring the pancreatic cancer clinical trial phase 2 protocol to FDA approval in the US was also successfully completed in the first six months of 2023, reducing ongoing costs related to this clinical trial. As a result, TME Pharma was able to decrease drug manufacturing costs, service fees and other costs related to the clinical trials and preclinical testing, in addition to lower personnel expenses, patent costs and consulting services. When share-based payment expenses for the six months ended 30 June 2023 and 2022 (amounting to K€ 73 and K€ 121, respectively) are excluded, the remaining personnel expenses are K€ 395 and K€ 466, 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 9 of the condensed consolidated interim financial statements of TME Pharma N.V.

General and administrative expenses decreased 27% from K€ 2,014 in the first six months of 2022 to K€ 1,469 in the first six months of 2023.

This decrease in general and administrative expenses is mainly driven by lower personnel expenses and lower legal, consulting and audit fees.Other general and administrative expenses comprise mainly of depreciation of rights of use assets and equipment, supervisory board remuneration, insurance premium, and ancillary leasing costs. When non-cash share-based payment expenses for the six months ended 30 June 2023 and 2022 (amounting to K€ 128 and K€ 265, respectively) are excluded, the remaining personnel expenses are K€ 603 and K€ 852, respectively.

Foreign exchange losses

Foreign exchange losses decreased from K€ 41 in the first six months of 2022 to K€ 13 in the first six months of 2023 as a result of decreased volume of purchases denominated in currencies other than Euro in the first six months of 2023.

Finance income

Finance income increased 25% from K€ 196 in the first six months of 2022 to K€ 245 in the first six months of 2023. The increase is mainly due to a higher derecognition gain of compound derivative financial instruments in connection with the ASO convertible bonds financing (K€ 167; in the first six months of 2022: K€ 196) and the fair value adjustment gains of compound derivative financial instruments (K€78; in the first six months of 2022: nil) in the first six months of 2023 compared to the first six months of 2022.

The finance income in the first six months of 2023 and in the first six months of 2022 is non-cash finance income.

Finance cost

Finance cost decreased 60% from K€ 2,820 in the first six months of 2022 to K€ 1,140 in the first six months of 2023. Finance cost in the first six months of 2023 relates to the ASO convertible bonds financing with respect to the issuance and conversion of convertible bonds into equity and the recognition of compound derivative financial instruments (K€1,132), accrued interest in exchange for the lock-up of convertible bonds issued and outstanding (K€ 43) and interest paid relating to leases (K€ 8).

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 2023 and 2022 is non-cash finance cost, except for transaction costs of K€ 4 and K€ 62, respectively, borne by the Company in conjunction with the issuance of convertible bonds as well as K€ 8 and K€ 1 interest in connection with lease payments borne by the Group in both the first six months 2023 and 2022.

Loss before income tax / Net loss

As a result of the above factors, the Group's loss before income tax and net loss decreased by 65% from K€ 10,328 in the first six months of 2022 to K€ 3,659 in the first six months of 2023.The loss from operations decreased by 64% from K€ 7,704 to K€ 2,764 resulting in an decrease of net cash used in operating activities from K€ 5,859 to K€ 3,394 for the first six months of 2023, partly offset by decrease in trade accounts payable and other liabilities of K€ 1,006 in the consolidated statement of cash flows.

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€ 230 as of 31 December 2022 to K€ 171 as of 30 June 2023. This decrease is mainly due to the amortization of a right-of-use asset resulting from a lease contract or office space amounting to K€ 174 as of 31 December 2022 and K€ 117 as of 30 June 2023, respectively.

The Group's total current assets consist of its cash and cash equivalents in cash balances, and other assets. Other assets correspond to prepaid expenses for insurance and service contracts, contractually agreed claims against service providers, 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 2022 to 30 June 2023 primarily relate to a decrease in cash and cash equivalents by K€ 1,626 from K€ 4,634 to K€ 3,008, 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€ 1,790.

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 2022 to 30 June 2023 was mainly due to the effects of capital increases resulting from financing events and the net loss incurred for the first six months of 2023. As a result of the capital increase in subscribed capital of € K€ 3,578 and the reduction of the nominal value of the issued and fully paid-up shares of K€ 5,264, subscribed capital decreased from K€ 1,739 as of 31 December 2022 to K€ 53 as of 30 June 2023. Additional paid-in capital increased from K€ 184,839 to K€ 191,288, respectively. The increase in additional paid-in capital includes share-based payments of K€ 201.

The total equity as of 30 June 2023 is negative and amounted to K€ 163 compared to a negative amount of K€ 1,272 as of 31 December 2022.

Liabilities

The Group's total current liabilities include financial liabilities, trade accounts payable, other liabilities and lease liabilities. Current liabilities decreased from K€ 6,446 as of 31 December 2022 to K€ 3,823 as of 30 June 2023, mainly resulting from the decrease in financial liabilities, trade accounts payable and other liabilities.

Current financial liabilities decreased by K€ 1,845 mainly due to the lower number of convertible bonds outstanding and lower compound derivative liability in connection with the ASO convertible bonds financing, partly offset by accrued interest in exchange for the lock-up of convertible bonds issued and outstanding.

Trade accounts payable of K€ 1,695 as of 31 December 2022 decreased to K€ 1,013 as of 30 June 2023 in the course of the decreased research and development activities. Other liabilities decreased from K€ 498 as of 31 December 2022 to K€ 193 as of 30 June 2023 mainly as a result of decreased accrued personnel expenses.

Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2023

For Events After the Condensed Consolidated Interim Statements of Financial Position Date as of 30 June 2023 we refer to Note 11 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 2023 from several sources including the issuance of shares resulting from a private placement and via the issuance of convertible bonds.

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, share-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€ 5,859 in the first six months of 2022 to K€ 3,394 in the first six months of 2023 was mainly a result of lower net losses from operations that decreased from K€ 7,704 in the first six months of 2022 to K€ 2,764 in the first six months of 2023, decreased non-cash finance costs included in net loss as well as the decrease of trade accounts payable, other liabilities and decreased other current assets.

Net cash used in investing activities

The decrease in net cash used in investing activities from K€ 8 in the first six months of 2022 compared to K€ 19 in the first six months of 2023 results from increased investment activities.

Net cash provided by financing activities

The decrease in net cash provided by financing activities of K€ 4,417 in the first six months of 2022 to K€ 1,790 in the first six months of 2023 was mainly due to financing transactions in the first six months of 2023 and 2022 resulting in a cash-inflow of K€ 1,850 and K€ 4,438, respectively.

Transactions between Related Parties

The Group did not conclude any new significant transactions with related parties during the reporting period other than disclosed in Note 20 of the consolidated statements of financial position as of 31 December 2022 of TME Pharma N.V.

For related party transactions we also refer to Note 19 of the consolidated statements of financial position as of 31 December 2022 of TME Pharma N.V. as well as Notes 4, 6, 10 and 11 of the condensed consolidated interim financial statements as of 30 June 2023 of TME Pharma N.V.

Risk Factors

Risk factors evolved as described in the section Clinical and Business Overview of the Management and Activity Report of this Half-Year Financial Report (page 23 and 24), but otherwise are similar to those presented in Section Significant Risks and Uncertainties of the Management Report of the Annual Report 2022 (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 2022 of TME Pharma N.V.

Declaration by the Person Responsible for 2023 Half-Year Financial Report

"I declare that, to the best of my knowledge, the condensed consolidated interim financial statements as of 30 June 2023 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 2023

TME Pharma N.V.

Dr. Aram Mangasarian, CEO