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THARIMMUNE, INC. (THAR) – Neutral Rated

December 12, 2023

Reverse Split – 1 for 25 Followed by \$10M Raise Pressures the Stock \$5 to \$0.60

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Hillstream reverses the stock (1:25), raises approximately \$10M – which effectively crashes the stock from the reversed price (just over \$5.00) to the current \$0.60. The company reported \$2.7M in cash and equivalents at the end of the third quarter and has been spending about \$2M/quarter. We see few catalysts ahead, as such we remain neutral on the stock.

Investment Thesis

Raises Capital and Reverse Split the Stock 1:25. In November Tharimmune (formerly Hillstream Bio-HILS) effected a 1-for-25 reverse stock split of its issued and outstanding shares of common stock. This was followed with a public offering (closed 11.30.23) of an aggregate of 11M shares of common stock sold at \$1.00. The Company intends to use the net proceeds for the advancement of TH104's phase 2 trial expected in 2024, as well as for working capital and other general corporate purposes.

Lead Asset HSB-3215 (anti-HER2/HER3 bispecific Ab): The ErbB family of cell surface proteins are some of the most well-known and validated oncology drug targets including ErbB2 or HER2 (human epidermal growth factor receptor) and Erb3 or HER3. The family of antibodies and biologics against HER2 starting with HERCEPTIN (trastuzumab) approved in 1998 for breast cancer, one of the first few anti-cancer antibodies, as well as PERJETA, KADCYLA and PHESGO totaled \$8.4 billion in 2022 sales for Roche/Genentech (Not Rated). Antibodies against HER2 and HER3 bind to different domains of the extracellular portion of the proteins or epitopes with trastuzumab binding domain IV of HER2 primarily. HER2 is also one of the most utilized targeting antigens for antibody drug conjugates to treat HER2 positive cancers with two approved antibodies, Roche/Genentech's PERJETA and Daiichi Sankyo/AstraZeneca's ENHERTU.

HSB-0059: Bispecific ADC: Antibody Drug Conjugates (ADCs) are a class of newly emerging therapeutics which may serve as targeted therapies to treat certain cancers. They consist of a 1) a cancer killing chemotherapeutic payload, 2) an antibody-targeting a cancer cell and 3) a linker connecting the antibody to the payload. The problem with some ADCs targeting HER2 and/or HER3 essentially target the same epitopes as trastuzumab based domains. Tharimmune's solution is based on an HSB-3215 (HER2/HER3) mAb backbone with HSB-0059 targets novel epitopes on HER2 while blocking natural ligands to HER3 and/or preventing heterodimers. ADCs can also have a potential "bystander effect" of its' toxin payload. The goal is to design ADCs whereby the toxin delivered to surrounding non-antigenic cancer tissue can be killed and maximize antitumor potential for this novel compound.

Valuation: Our model is under review. Typically, we project our model out ten years and for early-stage companies apply a 30% risk cut to our projected revenues in our product model in addition to our 30% risk rate applied in our Free Cash Flow to the Firm (FCFF), discounted EPS (dEPS), and Sum-of-the-Parts (SOP) models. Given the early nature of the company's pipeline, we are neutral rated.

Risks to our thesis include: 1. Regulatory Approvals; 2. Clinical Science 3. Adoption Rates 4. The competitive landscape. 5. Intellectual Capital 6. Dilution.

Current Price		\$0.60			
Price Target		NA			
Maturity	Candidate	Target / Mechanism	Pre-clinical	Clinical	Anticipated Milestones
Y Bip mAb	HSB-3215	HER2 + HER3 (non-extracellular epitope binding multiple domains)			<ul style="list-style-type: none"> 2023: Pre-clinical studies 2024: NO enabling studies 2025: NO filing & enter clinic
	Bispecific ADC	HSB-0059	Bispecific mAb ADC (HER2 + HER3 with undisclosed payload)		<ul style="list-style-type: none"> 2024: Pre-clinical studies 2025: NO enabling studies
PlexKnob	HSB-1140	Anti-PD-1 (antagonist novel epitope)			<ul style="list-style-type: none"> 2023: Proof-of-concept studies 2024: Pre-clinical studies 2025: NO enabling studies

PlexKnob from Merus/Oncos Biopharm

Source: Tharimmune

Stock Data			
52-Week Range	\$0.58	-	\$66.25
Shares Outstanding (mil.)	2.5		
Market Capitalization (mil.)	\$2		
Enterprise Value (mil.)	-\$1		
Debt to Capital	0%		
Book Value/Share	-		
Price/Book	0.8		
Average Three Months Trading Volume (K)	81		
Insider Ownership	24.8%		
Institutional Ownership	2.8%		
Short interest (mil.)	2.5%		
Dividend / Yield	\$0.00/0.0%		



Risks to our thesis include 1. Regulatory Approvals; 2. Clinical Science 3. Adoption Rates 4. The competitive landscape 5. Intellectual Capital 6. Dilution

- **Regulatory Approvals.** The company's products require regulatory approvals, and there can be no assurances that the requirements to achieve these approvals can be met.
- **Clinical Science:** The company will need to demonstrate the products work.
- **Adoption Rates:** There are no assurances that the oncology products once developed will be competitive on the complex oncology landscape.
- **The Competitive Landscape & IP.** The company plans to operate in the highly competitive oncology landscape where well financed "big pharma" dominates the field. The company does have intellectual property however there are no assurances that IP will not be challenged.
- **Dilution:** The company is likely to incur losses for the foreseeable future until it is able to generate sufficient revenue from product sales. Our model assumes a rising share count during this period. There can be no assurances that the company can successfully raise the capital required to execute its business strategy.

Exhibit 1. Income Statement

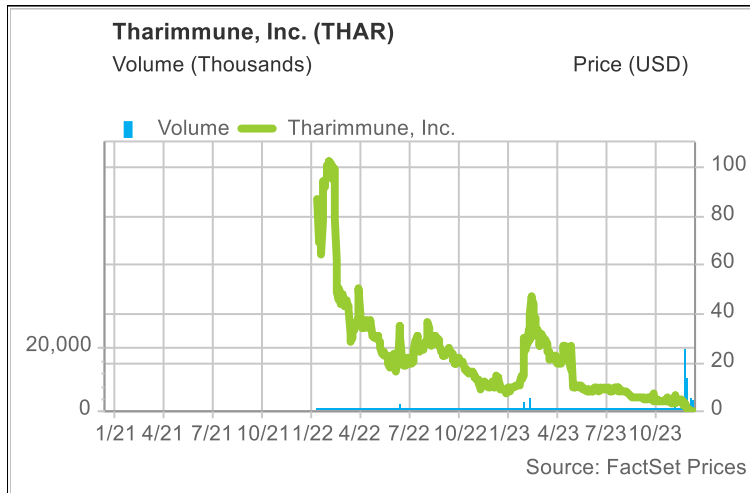
THarimmune BioPharma: Income Statement																
000 - YE December 31	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Product sales																
Product 1 - Oncology																
Total Product Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses																
COGS																
COGS %		0%	0%	0%	0%											
Research and Development	2,278	1,048	1,334	488	750	3,619	4,343	5,212	6,500	5,200	5,252	5,777	6,933	8,319	9,983	11,980
General and Administrative	4,604	1,667	1,031	1,356	750	4,804	4,852	4,900	4,949	8,000	10,000	14,000	15,000	15,150	15,302	15,455
Total Operating Expenses	6,882	2,714	2,365	1,845	1,500	8,423	4,852	4,900	4,949	8,000	10,000	14,000	15,000	15,150	15,302	15,455
Loss from Operations	(6,882)	(2,714)	(2,365)	(1,845)	(1,500)	(8,423)	(4,852)	(4,900)	(4,949)	(8,000)	(10,000)	(14,000)	(15,000)	(15,150)	(15,302)	(15,455)
Other Expense																
Interest Expense	(1,591)	(6)	(7)	(3)	-	(16)	-	-	-	-	-	-	(700)	(1,500)	(3,606)	(5,415)
Change in Redemption Value		32	34	28	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Expense	(1,591)	26	28	25	-	(16)	-	-	-	-	-	-	-	-	-	-
Net Loss	(8,473)	(2,688)	(2,337)	(1,820)	(1,500)	(8,439)	(4,852)	(4,900)	(4,949)	(8,000)	(10,000)	(14,000)	(15,000)	(15,150)	(15,302)	(15,455)
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	10%	24%	33%	35%
GAAP Net Income (loss)	(8,473)	(2,688)	(2,337)	(1,820)	(1,500)	(8,439)	(4,852)	(4,900)	(4,949)	(8,000)	(10,000)	(13,300)	(13,500)	(11,544)	(10,203)	(10,039)
GAAP-EPS	(0.75)	(0.23)	(0.16)	(0.11)	(2.15)	(2.64)	(0.33)	(0.15)	(0.08)	(0.10)	(0.12)	(0.15)	(0.15)	(0.12)	(0.15)	(0.15)
GAAP EPS (dil)	(0.75)	(0.23)	(0.16)	(0.11)	(2.15)	(0.76)	(0.23)	(0.12)	(0.06)	(0.07)	(0.08)	(0.10)	(0.10)	(0.12)	(0.15)	(0.15)
Wgtd Avg Shrs (Bas) '000	11,316	11,514	14,950	17,294	699	11,114	17,283	34,388	63,725	77,478	85,750	89,232	92,855	96,626	65,982	68,661
Wgtd Avg Shrs (Dil) '000	11,316	11,514	14,950	17,294	699	11,114	21,045	41,976	81,772	115,545	127,926	133,120	138,525	144,150	65,982	68,661

Source: Dawson James

Companies mentioned in this report:

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

- Initiated – Buy – February 22, 2023 – Price Target \$4.0
- Update Report – Buy – March 20, 2023 – Price Target \$4.0
- Update Report – Buy – April 11, 2023 – Price Target \$4.0
- Update Report – Buy – April 28, 2023 – Price Target \$4.0
- Update Report – Buy – May 24, 2023 – Price Target \$4.0
- Rating Change: Buy to Neutral – July 17, 2023 – Price Target NA
- Update Report Neutral – August 14, 2023 – Price Target NA
- Update Report Neutral – September 13, 2023 – Price Target NA
- Update Report Neutral – October 23, 2023 – Price Target NA
- Update Report Neutral – December 12, 2023 – Price Target NA

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- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months.
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months.
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 14-Nov-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	61.76%	3	8.80%
Market Perform (Neutral)	13	38.24%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	5	14.70%

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