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## THARIMMUNE, INC. (THAR) – Neutral Rated

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### 25 for 1 Didn't Get it Done, Is Another Reverse Split Needed?

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Recall that Tharimmune (formerly Hillstream) reversed its stock (1:25) followed by a \$10M raise – which effectively wiped out the shareholder base driving the stock to almost the pre-split level (now at \$0.39 cents). 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, so we question whether another reverse split and raise are coming by the end of the year?

### Investment Thesis

**25 for 1 Didn't Get it Done:** 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 stock is now back below \$1.00 and is revisiting its pre-split lows. The company has approximately a year's worth of operating capital, so we see another reverse split and a raise coming. That leaves us with a question – Is there a powerful enough catalyst ahead to support the stock? We don't see one right now.

**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		\$0.39			
Price Target		NA			
Motility	Candidate	Target / Mechanism	Pre-clinical	Clinical	Anticipated Milestones
Y Bsp mAb	HSB-3215	HER2 x HER3 (anti-extracellular epitope binding multiple domains)			<ul style="list-style-type: none"> <li>2023: Pre-clinical studies</li> <li>2024: NO enabling studies</li> <li>2025: NO filing &amp; enter clinic</li> </ul>
	Bispecific ADC	HSB-0059	Bispecific mAb ADC (HER2 x HER3 with undisclosed payload)		<ul style="list-style-type: none"> <li>2024: Pre-clinical studies</li> <li>2025: NO enabling studies</li> </ul>
	PlexKnob	HSB-1940	Anti-PD-1 (anti-cytotoxic T cell epitope)		<ul style="list-style-type: none"> <li>2023: Proof-of-concept studies</li> <li>2024: Pre-clinical studies</li> <li>2025: NO enabling studies</li> </ul>
<small>PlexKnob from Merus (Oncology Bsp bispecific)</small>					
Source: Tharimmune					
Stock Data					
52-Week Range	\$0.37	-	\$66.25		
Shares Outstanding (mil.)	2.5				
Market Capitalization (mil.)	\$1				
Enterprise Value (mil.)	-\$2				
Debt to Capital	0%				
Book Value/Share	-				
Price/Book	0.8				
Average Three Months Trading Volume (K)	6				
Insider Ownership	8.0%				
Institutional Ownership	0.8%				
Short interest (mil.)	5.5%				
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 in 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**

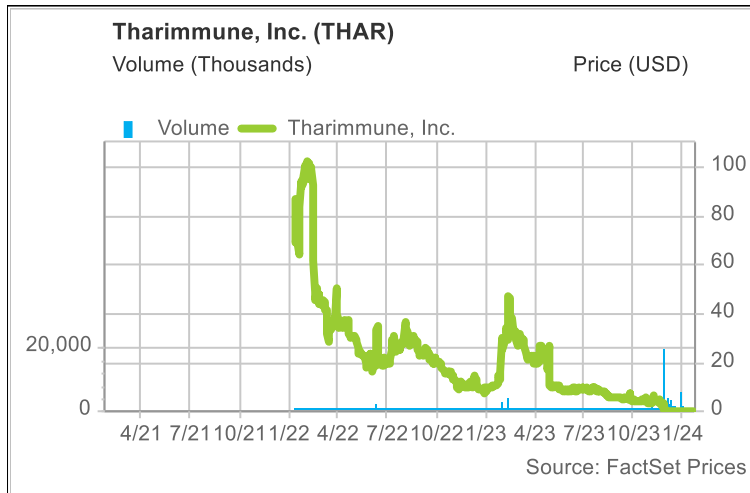
THarimmune BioPharma: Income Statement																
000 - YE December 31	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Product sales</b>																
Product 1 - Oncology																
<b>Total Product Sales</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>																
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	1,357	750	4,805	4,853	4,901	4,950	8,000	10,000	14,000	15,000	15,150	15,302	15,455
<b>Total Operating Expenses</b>	<b>6,882</b>	<b>2,714</b>	<b>2,365</b>	<b>1,845</b>	<b>1,500</b>	<b>8,424</b>	<b>4,853</b>	<b>4,901</b>	<b>4,950</b>	<b>8,000</b>	<b>10,000</b>	<b>14,000</b>	<b>15,000</b>	<b>15,150</b>	<b>15,302</b>	<b>15,455</b>
Loss from Operations	(6,882)	(2,714)	(2,365)	(1,845)	(1,500)	(8,424)	(4,853)	(4,901)	(4,950)	(8,000)	(10,000)	(14,000)	(15,000)	(15,150)	(15,302)	(15,455)
<b>Other Expense</b>																
Interest Expense	(1,591)	(6)	(7)	(3)	-	(16)	-	-	-	-	-	-	(700)	(1,500)	(3,606)	(5,415)
Change in Redemption Value		32	34	28	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Expense</b>	<b>(1,591)</b>	<b>26</b>	<b>28</b>	<b>25</b>	<b>-</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Loss</b>	<b>(8,473)</b>	<b>(2,688)</b>	<b>(2,337)</b>	<b>(1,820)</b>	<b>(1,500)</b>	<b>(8,440)</b>	<b>(4,853)</b>	<b>(4,901)</b>	<b>(4,950)</b>	<b>(8,000)</b>	<b>(10,000)</b>	<b>(14,000)</b>	<b>(15,000)</b>	<b>(15,150)</b>	<b>(15,302)</b>	<b>(15,455)</b>
<b>Tax Rate</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>24%</b>	<b>33%</b>	<b>35%</b>
<b>GAAP Net Income (loss)</b>	<b>(8,473)</b>	<b>(2,688)</b>	<b>(2,337)</b>	<b>(1,820)</b>	<b>(1,500)</b>	<b>(8,440)</b>	<b>(4,853)</b>	<b>(4,901)</b>	<b>(4,950)</b>	<b>(8,000)</b>	<b>(10,000)</b>	<b>(13,300)</b>	<b>(13,500)</b>	<b>(11,544)</b>	<b>(10,203)</b>	<b>(10,039)</b>
<b>GAAP-EPS</b>	<b>(0.75)</b>	<b>(0.23)</b>	<b>(0.16)</b>	<b>(0.11)</b>	<b>(0.05)</b>	<b>(0.54)</b>	<b>(0.18)</b>	<b>(0.12)</b>	<b>(0.07)</b>	<b>(0.09)</b>	<b>(0.11)</b>	<b>(0.14)</b>	<b>(0.13)</b>	<b>(0.11)</b>	<b>(0.15)</b>	<b>(0.15)</b>
GAAP EPS (dil)	(0.75)	(0.23)	(0.16)	(0.11)	(0.04)	(0.43)	(0.11)	(0.10)	(0.05)	(0.06)	(0.07)	(0.09)	(0.09)	(0.11)	(0.15)	(0.15)
Wgtd Avg Shrs (Bas) '000	11,316	11,514	14,950	17,294	30,401	18,540	36,126	42,154	71,806	85,888	94,501	98,338	102,331	106,487	65,982	68,661
Wgtd Avg Shrs (Dil) '000	11,316	11,514	14,950	17,294	35,451	19,802	43,092	51,063	91,227	125,385	138,165	143,775	149,613	155,687	65,982	68,661

Source: Company reports and 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
- Update Report Neutral – January 23, 2024 – Price Target NA

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Current as of 18-Jan-24

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	61.76%	4	11.80%
Market Perform (Neutral)	13	38.24%	2	5.90%
Market Underperform (Sell)	0	0%	0	0.00%
<b>Total</b>	<b>34</b>	<b>100%</b>	<b>6</b>	<b>17.70%</b>

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