

Captor Therapeutics

Wave of positive newsflow from the TPD market

Buy
Initiation

Target price: 234,3 PLN
Upside: +25%

Captor Therapeutics develops new drug projects using the breakthrough technology of Targeted Protein Degradation (TPD). Intensive work on the development of own proprietary projects and positive newsflow from the TPD technology market may bring the Company significantly closer to its first licensing agreements. The Company is an European leader in research on new TPD drugs. The lack of competitive projects in the pharmaceutical market and the wide range of therapeutic indications for the drug projects under development minimises the risk of failure and creates an opportunity for dynamic development of the Company. Activity in one of the most innovative segments of the pharmaceutical market, experience of the scientific staff, pipeline of new drug projects, development of technological platforms and economical model of clinical trials are the main competitive advantages of the Company. Considering the above factors, we believe that Captor Therapeutics shares may be an attractive investment idea and we are initiating coverage with a 'Buy' recommendation and a target price of TP 12M 234.4 PLN/share (+25% upside).

Captor's innovative approach – drug development using the breakthrough TPD technology. The Company specialises in developing innovative drugs triggering targeted protein degradation (TPD technology). Its current projects focus on the development of best-in-class small-molecule drugs for oncology and immunology as part of an innovative technological platform based on three mechanisms of TPD action (molecular glues, bi-specific degraders, Obteron®) and a library of ubiquitin ligases and ligase ligands (LiLis™).

Selection of first clinical candidates possible in 4Q21. The Company is currently running 5 proprietary new drug projects in the field of oncology and autoimmune diseases and one technology platform project (two technology platform projects are at the stage of marketing). New drug projects are currently in the Drug Discovery phase. In our view, by the end of 2021, the Company may be ready to select the first clinical candidates (projects CT-01, CT-02, CT-03), and we assume that clinical trials will start in 2023. In terms of selected therapeutic goals and the mechanism of action of the drugs under development, there are currently no drug projects on the global pharmaceutical market that could directly compete with the ones developed by Captor Therapeutics.

Ligase library and technology platforms – potential subject matter of Captor collaboration agreements. The Company develops unique ligase and ligase ligand (LiLis™) libraries and innovative technology platforms using the TPD technology. Technology platforms are an important asset in potential partnering deals, as proven by recent trends in the collaboration agreements signed by Big Pharma (Nurix&Sanofi; Kymera&Sanofi; Nurix&Celgene; C4 Therapeutics Biogen; Kymera&Vertex). In our opinion, Captor's technology platforms could be the focus of further research collaborations established in 2021/2022.

Arvinas clinical trial results – TPD drugs overcome cancer cell resistance to treatment. In December 2020, Arvinas published the data of clinical trials phase 1/2 for PROTAC ARV-110 and ARV-471 degraders in the treatment of prostate and breast cancer, respectively. Both compounds show high level of safety, good tolerance and robust anti-cancerous efficacy. The publication of clinical findings for ARV-110 and ARV-471 by Arvinas marks a breakthrough for the whole market of TPD therapies. In addition to clinical validation of efficacy and low level of toxicity of bifunctional degraders, the mechanism of overcoming cancer cell resistance to treatment has been confirmed.

Results of Kymera Therapeutics clinical trials – clinical validation of high efficiency of molecular target degradation In June 2021, Kymera published partial results from a phase 1 clinical trial of the KT-474 degrader, in which the compound confirmed the mechanism for efficient and selective degradation of the IRAK4 molecular target. The high efficiency of molecular target degradation demonstrated in Kymera Therapeutics' trials and the degrader class compounds overcoming the cancer resistance mechanism, as demonstrated by Arvinas, can significantly boost the attractiveness of TPD projects, including of the candidates under development by Captor, to potential market partners.

TPD business validation: three IPOs of companies active in the TPD area, with over USD 560m raised in 2020, successful fourth IPO in 2021. In 2020 three TPD companies were floated on NASDAQ: Nurix Therapeutics, Kymera Therapeutics and C4 Therapeutics. In IPOs the companies raised USD 565m in total and their IPO valuation ranged between USD 704m and USD 863m. In June 2021, Monte Rosa Therapeutics became the fourth TPD company to list on NASDAQ, raising over USD 220m. All of the companies mentioned above are the closest group of peers for Captor, of which the most similar ones in terms of pipeline advancement, namely Nurix and Monte Rosa, are currently valued 4–5x higher than the Polish company.

Valuation. We value Captor Therapeutics shares at PLN 234.3 PLN per share using the sum-of-the-parts method (SOTP) for the five Captor's own projects (CT-01: HCC, CT-02: MDS, AML, SLE; CT-03: hematologic cancers; CT-04: CRC and CT-05: IBD, psoriasis and rheumatoid arthritis – RA) and a collaborative project with Sosei Heptares. The presented valuation is on the rNPV method.

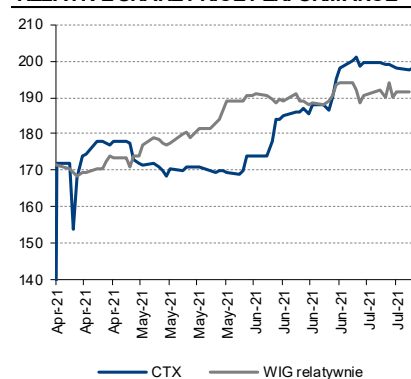
PLNm	2018	2019	2020	2021F	2022F	2023F
Revenues	0	0	0	3	5	0
EBITDA	-2	-3	-6	-15	-17	-22
EBIT	-4	-8	-12	-23	-30	-34
Net profit	-4	-8	-13	-23	-31	-34
EPS (PLN)	-1,5	-2,3	-3,5	-5,4	-7,0	-7,9
P/E (x)	-	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-	-
P/BV (x)	159,1	157,8	-	6,0	7,7	11,4
DY (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Source: Company's data, Trigon Brokerage House

FACT SHEET

Ticker	CTX		
Sector	Biotech & MedTech		
Price (PLN)	188,00		
52wk Range (PLN)	150 / 203		
Number of share (m)	4,1		
Market Cap (mPLN)	776		
Free-float	41%		
Avg Vol 3M (mPLN)	0,0		
Price performance	1M	3M	1Y
	1,1%	-	-

RELATIVE SHARE PRICE PERFORMANCE



COMPANY'S DESCRIPTION

Captor Therapeutics is an innovative biopharmaceutical company specialized in the development of drugs that cause the targeted degradation of pathogenic proteins. The company operates in the field of cancer and autoimmune diseases, for which there is currently no treatment option, or the available methods show significant therapeutic limitations.

Shareholders

Shareholder	Share %
Michał Walczak	22,1%
Paweł Holstinghausen Holsten	14,5%
Sylvain Cottens	8,3%
Marek Skibiński	7,3%
Filip Jeleń	6,5%

Important dates

1H21 report	30.09.2021
3Q21 report	29.11.2021

Analyst

Katarzyna Kosiorek

Captor Therapeutics

Bloomberg ticker

CTX PW

Recommendation

Buy

Target Price (PLN)

234,3

Current price (PLN)

188

Upside

25%

Previous recommendation

-

Previous target price (PLN)

-

Number of shares (m)

3,59

Market Cap (mPLN)

841

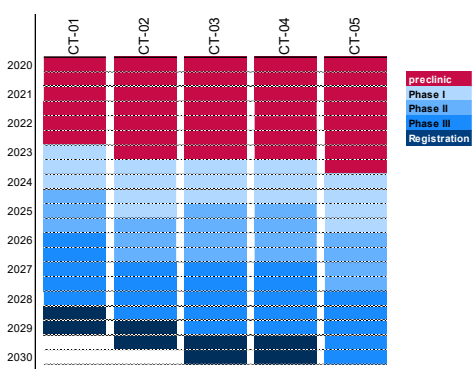
EV (mPLN)

843

Katarzyna Kosiorek

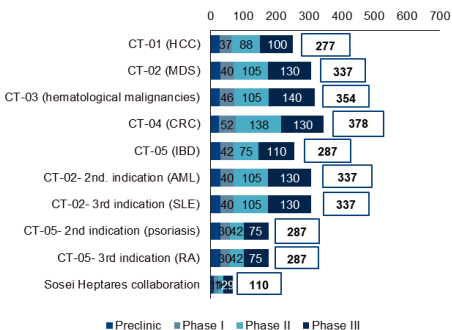
MARKET RATIOS	2019	2020	2021F	2022F	2023F
P/E (x)	-	-	-	-	-
P/E adj. (x)	-	-	-	-	-
P/BV (x)	196,6	-837,8	7,5	9,6	14,2
EV/EBITDA (x)	-	-	-	-	-
EV/EBITDA adj. (x)	-	-	-	-	-
EV/Sales (x)	-	-	216,7	172,8	-
FCF Yield (%)	0,5%	0,0%	0,5%	0,3%	-0,3%
DY (%)	0,0%	0,0%	0,0%	0,0%	0,0%
RATIOS	2019	2020	2021F	2022F	2023F
EPS (PLN)	-2,3	-3,5	-5,4	-7,0	-7,9
EPS adj. (PLN)	-2,3	-3,5	-5,4	-7,0	-7,9
DPS (PLN)	0,0	0,0	0,0	0,0	0,0
BVPS (PLN)	1,2	0,3	31,3	24,3	16,5
Number of shares (m)	3,6	3,6	4,4	4,4	4,4
Market Cap (mPLN)	841	841	1 021	1 021	1 021
EV (mPLN)	839	843	915	957	1 008

R&D pipeline-Trigon assumptions



P&L (mPLN)	2019	2020	2021F	2022F	2023F
Sales	0,0	0,0	3,4	4,5	0,0
COGS	7,9	12,2	26,3	34,5	33,7
Gross profit	--	--	--	--	--
EBITDA	-3,4	-5,6	-14,7	-17,4	-22,3
EBITDA adj.	-	-	-	-	-
D&A	-	-	-	-	-
EBIT	-7,9	-12,2	-22,9	-30,0	-33,7
Gross profit	-8,3	-12,7	-23,4	-30,6	-34,3
Minority interest	0,0	0,0	0,0	0,0	0,0
Net profit	-8,3	-12,7	-23,4	-30,6	-34,3
Net profit adj.	-8,3	-12,7	-23,4	-30,6	-34,3

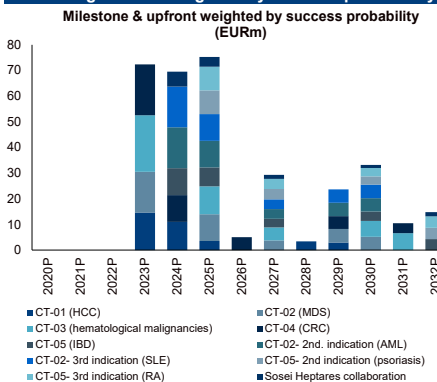
Partnering transaction values



CASH FLOW STATEMENT (mPLN)	2019	2020	2021F	2022F	2023F
Cash flow from operations	4,4	-0,6	-19,9	-16,9	-22,8
Cash flow from investing	-0,2	-0,2	-25,1	-20,0	-20,0
CAPEX	0,2	0,2	25,1	20,0	20,0
Cash flow from financing	5,7	-0,9	152,4	-5,8	-6,0
Dividend	0,0	0,0	0,0	0,0	0,0
FCF	4,6	-0,4	5,1	3,1	-2,8
Net cash flow	9,9	-1,7	107,4	-42,6	-48,7

BALANCE SHEET (mPLN)	2019	2020	2021F	2022F	2023F
ASSETS	25,3	25,8	159,1	129,6	97,5
PPE	10,4	10,4	12,2	35,1	48,3
Goodwill	0,0	0,0	0,0	0,0	0,0
Intangible assets	0,1	0,1	0,2	0,2	0,2
Cash and equivalents	12,3	10,7	118,0	75,4	26,6
EQUITY AND LIABILITIES	25,3	25,8	159,1	129,6	97,5
Equity	4,3	-1,0	136,6	106,0	71,7
Minority shareholders capital	0,0	0,0	0,0	0,0	0,0
Interest-bearing liabilities	10,3	12,4	12,0	12,0	14,0
Net debt	-2,1	1,8	-106,0	-63,4	-12,6
Net working capital	-1,1	-1,4	1,1	1,1	1,1

Partnering values weighted by success probability



OPERATING INDICATORS	2019	2020	2021F	2022F	2023F
Sales growth (%)	-	-	-	-	-
EPS adj. growth (%)	-	-	-	-	-
Gross profit margin (%)	-	-	-	-	-
EBITDA adj. margin (%)	-	-	-	-	-
Operating profit margin (%)	-	-	-	-	-
Net profit adj. margin (%)	-	-	-	-	-
ROE (%)	-	-	-	-	-
ROA (%)	-	-	-	-	-
CAPEX/Sales (%)	-	-	-	-	-
CAPEX/D&A (x)	-	-	-	-	-
Net debt/Equity	-	-	-	-	-
Net debt/EBITDA (x)	-	-	-	-	-
Cash conversion cycle (days)	-	-	-	-	-
Inventory turnover (days)	-	-	-	-	-
Receivables turnover (days)	-	-	-	-	-
Liabilities turnover (days)	-	-	-	-	-

Source: Company (historical data), Trigon Brokerage House (forecasts), * valuation including 0.23 shares of the Program of Stock Options

Valuation

The presented valuation of the Captor Therapeutics R&D pipeline is based on the rNPV method (risk-weighted net present value), which is the primary method of valuation of biotechnology companies in the initial stage of development. The valuation includes 6 projects from the Company's R&D portfolio, the final valuation is the sum of partial valuations (SOTP) for the basic therapeutic areas: CT-01 (hepatocellular carcinoma); CT-02 (myelodysplastic syndrome; MDS); CT-03 (hematological malignancies: multiple myeloma, leukemias, lymphomas); CT-04 (CRC); CT-05 (inflammatory bowel disease-IBD, psoriasis, rheumatoid arthritis-RA); partnering of Sosei Heptares (IBD). The forecast period that we have adopted is 2021-2037. The risk premium was included in the probability of completing individual phases of clinical trials and reflected in the FCF calculation. The weighted average cost of capital of the Company (discount rate) was adopted at the level of 10.0% (assumption based on the analysis of companies from the biotechnology sector, NY Stern Database 2020).

Captor Therapeutics valuation summary.

	mPLN	PLN/share	base	ase + addi	Deal value	Royalties	TV	Deal value	Royalties	TV
CT-01 (HCC)	123,4	28,3	13%	13%	99,3	18,1	6,0	10%	2%	1%
CT-02 (MDS, AML, SLE)	352,8	81,0	36%	36%	333,3	13,0	6,4	34%	1%	1%
CT-03 (hematological malignan	242,7	55,7	25%	25%	124,5	79,9	38,3	13%	8%	4%
CT-04 (CRC)	102,0	23,4	11%	11%	96,7	3,7	1,7	10%	0%	0%
CT-05 (IBD, łuszczycyca, RZS)	259,8	59,6	27%	27%	179,0	46,0	34,8	18%	5%	4%
Sosei Heptares collaboration	28,5	6,5	3%	3%	24,4	2,6	1,5	3%	0%	0%
R&D costs	-140,0	-32,1	-14%	-14%						
Base valuation	969	222,5	100%	100%	857,2	163,3	88,7	88%	17%	9%
TP 12M = 234,3 PLN/share										

* valuation without R&D costs; * valuation including 0.23 shares of the Program of Stock Options

Source: Trigon Brokerage House

R&D PIPELINE VALUATION

CT-01

- **Primary therapeutic objective:** hepatocellular carcinoma
- **Current status of the project:** project at the stage of lead optimization; Drug Discovery phase
- **Date of first PCT patent application:** 2020

Assumptions for valuation: CT-01 in hepatocellular carcinoma (HCC)

CT-01 (HCC)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2023	25	9%	62%	62%
Phase I	2024	28	10%	39%	63%
Phase II	2025	37	13%	10%	25%
Phase III	2028	88	32%	4%	40%
Registration	2029	100	36%	3%	82%
Sales (1 year after registration)	2030				
Deal size (mEUR)		277	100%		
Market value in 2019 (mEUR)	678				
CAGR between 2019 and registration (%)	17,7%				
CAGR between registration and peak sales (%)	11,8%				
Peak sales (rok) - 5 year after registration	2035				
Market share (%)	15,0%				
Royalties	10,0%				
rNPV	123,4	99,3	18,1	6,0	

Source: Trigon Brokerage House

rNPV valuation: CT-01

CT-01 (HCC)	2021P	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F
milestone	0,0	0,0	25,0	28,0	36,7	0,0	0,0	87,5	100,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Market size (EURm)	940	1 106	1 302	1 532	1 803	2 122	2 498	2 940	3 461	4 073	4 554	5 091	5 692	6 364	7 115	7 954	8 893
y/y		17,7%	17,7%	17,7%	17,7%	17,7%	17,7%	17,7%	17,7%	17,7%	11,8%	11,8%	11,8%	11,8%	11,8%	11,8%	11,8%
Market share (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%	15%	15%	15%	15%	15%	15%	15%
peak sales curve	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	25%	50%	75%	90%	100%	100%	100%
sales (EURm)	0	0	0	0	0	0	0	0	0	61	171	382	640	859	1067	1193	1334
Royalties	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	6,1	17,1	38,2	64,0	85,9	106,7	119,3	133,4
TOTAL	0,0	0,0	25,0	28,0	36,7	0,0	0,0	87,5	100,0	6,1	17,1	38,2	64,0	85,9	106,7	119,3	133,4
probability	0%	0%	62%	39%	10%	10%	10%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%
milestone	0,0	0,0	15,5	10,9	3,5	0,0	0,0	3,4	3,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,2	0,5	1,2	2,0	2,7	3,4	3,8	4,2
TOTAL	0,0	0,0	15,5	10,9	3,5	0,0	0,0	3,4	3,2	0,2	0,5	1,2	2,0	2,7	3,4	3,8	4,2
Total (PLNm)	0,0	0,0	71,4	50,2	16,2	0,0	0,0	15,5	14,6	0,9	2,5	5,6	9,3	12,5	15,6	17,4	19,5
Tax	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
FCF (PLNm)	0,0	0,0	57,8	40,7	13,1	0,0	0,0	12,5	11,8	0,7	2,0	4,5	7,6	10,1	12,6	14,1	15,8
discount rate	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
discount factor	1,00	0,91	0,83	0,75	0,68	0,62	0,56	0,51	0,47	0,42	0,39	0,35	0,32	0,29	0,26	0,24	0,22
DFCF	0,0	0,0	47,8	30,6	9,0	0,0	0,0	6,4	5,5	0,3	0,8	1,6	2,4	2,9	3,3	3,4	3,4
DFCF sum (mIn PLN)	117,4																
growth rate in TV	-30%																
Residual value (TV)	27,6																
Present TV	6,0																
Valuation (PLNm)	123,4																

Source: Trigon Brokerage House

CT-02

- **Primary therapeutic objective:** haematological cancers (myelodysplastic syndrome (MDS))
- **Additional therapeutic indications:** AML, SLE
- **Current status of the project:** project at the stage of lead optimization; Drug Discovery phase
- **Date of first PCT patent application:** 11.2019

Assumptions for valuation: CT-02 in myelodysplastic syndrome (MDS), acute myeloid leukemia (AML) and systemic lupus erythematosus (SLE)

CT-02 (MDS)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2023	30	9%	62%	62%
Phase I	2025	32	9%	38%	62%
Phase II	2027	40	12%	11%	29%
Phase III	2029	102	30%	6%	53%
Registration	2030	140	41%	5%	86%
Sales (1 year after registration)	2031				
Deal size (mEUR)		343	100%		
Market value in 2019 (mEUR)	1 232				
CAGR between 2019 and registration (%)	6%				
CAGR between registration and peak sales (%)	4%				
Peak sales (rok) - 5 year after registration	2036				
Market share (%)	3,0%	Deal value	Royalties	TV	
Royalties	7,5%	99%	1%	0%	
rNPV	120,1	118,3	1,3	0,5	

CT-02- 2nd. indication (AML)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2024	30	9%	62%	62%
Phase I	2026	32	9%	38%	62%
Phase II	2028	40	12%	11%	29%
Phase III	2030	102	30%	6%	53%
Registration	2031	140	41%	5%	86%
Sales (1 year after registration)	2032				
Deal size (mEUR)		343	100%		
Market value in 2019 (mEUR)	1 138				
CAGR between 2019 and registration (%)	14,4%				
CAGR between registration and peak sales (%)	9,6%				
Peak sales (rok) - 5 year after registration	2037				
Market share (%)	10,0%	Deal value	Royalties	TV	
Royalties	7,5%	87%	9%	4%	
rNPV	123,8	107,5	10,8	5,5	

Source: Trigon Brokerage House

CT-02- 3rd indication (SLE)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2024	30	9%	62%	62%
Phase I	2026	32	9%	38%	62%
Phase II	2028	40	12%	11%	29%
Phase III	2030	102	30%	6%	53%
Registration	2031	140	41%	5%	86%
Sales (1 year after registration)	2032				
Deal size (mEUR)		343	100%		
Market value in 2019 (mEUR)	140				
CAGR between 2019 and registration (%)	6,8%				
CAGR between registration and peak sales (%)	4,5%				
Peak sales (rok) - 5 year after registration	2037				
Market share (%)	15,0%	Deal value	Royalties	TV	
Royalties	10,0%	99%	1%	0%	
rNPV	108,9	107,5	0,9	0,4	

Source: Trigon Brokerage House

Source: Trigon Brokerage House

CT-03

- **Primary therapeutic objective:** hematological cancers
- **Additional therapeutic indications:** –
- **Current status of the project:** project at the lead optimization stage, Drug Discovery phase
- **Date of first PCT patent application:** –

Assumptions for valuation: CT-03 in hematological malignancies

CT-03 (hematological malignancies)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2023	35	10%	62%	62%
Phase I	2025	28	8%	38%	62%
Phase II	2027	46	13%	11%	29%
Phase III	2030	105	30%	6%	53%
Registration	2031	140	40%	5%	86%
Sales (1 year after registration)	2032				
Deal size (mEUR)		354	100%		
Market value in 2019 (mEUR)	45 325				
CAGR between 2019 and registration (%)	10,7%				
CAGR between registration and peak sales (%)	7,1%				
Peak sales (rok) - 5 year after registration	2037				
Market share (%)	3,0%				
Royalties	7,5%				
rNPV	242,7	124,5	79,9	38,3	

Source: Trigon Brokerage House

rNPV valuation: CT-03

CT-03 (hematological malignancies)	2021P	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F
milestone	0,0	0,0	35,0	0,0	28,0	0,0	45,5	0,0	0,0	105,0	140,0	0,0	0,0	0,0	0,0	0,0	0,0
Market size (EURm)	55 543	61 486	68 065	75 348	83 411	92 336	102 215	113 153	125 260	138 663	153 500	169 924	182 045	195 031	208 943	223 848	239 816
y/y		10,7%	10,7%	10,7%	10,7%	10,7%	10,7%	10,7%	10,7%	10,7%	10,7%	10,7%	7,1%	7,1%	7,1%	7,1%	7,1%
Market share (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	3%	3%	3%	3%
peak sales curve	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	25%	50%	75%	90%	100%
sales (EURm)	0	0	0	0	0	0	0	0	0	0	0	510	1365	2925	4701	6044	7194
Royalties	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	7,5%	7,5%	7,5%	7,5%	7,5%	7,5%
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	38,2	102,4	219,4	352,6	453,3	539,6
TOTAL	0,0	0,0	35,0	0,0	28,0	0,0	45,5	0,0	0,0	105,0	140,0	38,2	102,4	219,4	352,6	453,3	539,6
probability	0%	0%	62%	62%	38%	38%	11%	11%	11%	6%	5%	5%	5%	5%	5%	5%	5%
milestone	0,0	0,0	21,7	0,0	10,7	0,0	5,0	0,0	0,0	6,1	7,0	0,0	0,0	0,0	0,0	0,0	0,0
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,9	5,1	11,0	17,6	22,7	27,0
TOTAL	0,0	0,0	21,7	0,0	10,7	0,0	5,0	0,0	0,0	6,1	7,0	1,9	5,1	11,0	17,6	22,7	27,0
Total (PLNm)	0,0	0,0	100,0	0,0	49,4	0,0	23,1	0,0	0,0	28,0	32,2	8,8	23,6	50,5	81,2	104,4	124,2
Tax	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
FCF (PLNm)	0,0	0,0	81,0	0,0	40,0	0,0	18,7	0,0	0,0	22,7	26,1	7,1	19,1	40,9	65,8	84,5	100,6
discount rate	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
discount factor	1,00	0,91	0,83	0,75	0,68	0,62	0,56	0,51	0,47	0,42	0,39	0,35	0,32	0,29	0,26	0,24	0,22
DFCF	0,0	0,0	66,9	0,0	27,3	0,0	10,5	0,0	0,0	9,6	10,1	2,5	6,1	11,9	17,3	20,2	21,9
DFCF sum (mIn PLN)	204,4																
grow th rate in TV	-30%																
Residual value (TV)	176,1																
Present TV	38,3																
Valuation (PLNm)	242,7																

Source: Trigon Brokerage House

CT-04

- 1) **Primary therapeutic objective:** colorectal cancer
- 2) **Additional therapeutic indications:** –
- 3) **Captor's share in partnering payment except royalties:** 90% (10% belongs to key Captor's shareholders)
- 4) **Current status of the project:** project at the lead optimization stage, Drug Discovery phase

Assumptions for valuation: CT-04 in colorectal cancer (CRC)

CT-04 (CRC)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2023	32	9%	59%	59%
Phase I	2024	26	8%	37%	63%
Phase II	2026	52	15%	9%	25%
Phase III	2029	109	31%	4%	40%
Registration	2031	130	37%	3%	82%
Sales (1 year after registration)	2032				
Deal size (mEUR)		349	100%		
Captor's IP share	90%				
Market value in 2019 (mEUR)	8 021				
CAGR between 2019 and registration (%)	4,8%				
CAGR between registration and peak sales (%)	3,2%				
Peak sales (rok) - 5 year after registration	2037				
Market share (%)	3,0%				
Royalties	7,5%				
rNPV	102,0				
		Deal value	Royalties	TV	
		95%	4%	2%	
		96,7	3,7	1,7	

Source: Trigon Brokerage House

rNPV valuation: CT-04

CT-04 (CRC)	2021P	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F
milestone	0,0	0,0	31,5	26,3	0,0	52,5	0,0	0,0	108,8	0,0	130,0	0,0	0,0	0,0	0,0	0,0	0,0
Captor's IP share	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Market size (EURm)	8 810	9 233	9 676	10 140	10 627	11 137	11 672	12 232	12 819	13 434	14 079	14 755	15 227	15 714	16 217	16 736	17 272
y/y		4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	4,8%	3,2%	3,2%	3,2%	3,2%	3,2%
Market share (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	3%	3%	3%	3%
peak sales curve	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	25%	50%	75%	90%	100%
sales (EURm)	0	0	0	0	0	0	0	0	0	0	0	44	114	236	365	452	518
Royalties	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	7,5%	7,5%	7,5%	7,5%	7,5%	7,5%
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	3,3	8,6	17,7	27,4	33,9	38,9
TOTAL	0,0	0,0	28,4	23,6	0,0	47,2	0,0	0,0	97,9	0,0	117,0	3,3	8,6	17,7	27,4	33,9	38,9
probability	0%	0%	59%	37%	37%	9%	9%	9%	4%	4%	3%	3%	3%	3%	3%	3%	3%
milestone	0,0	0,0	16,6	8,7	0,0	4,3	0,0	0,0	3,6	0,0	3,5	0,0	0,0	0,0	0,0	0,0	0,0
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,3	0,5	0,8	1,0	1,2
TOTAL	0,0	0,0	16,6	8,7	0,0	4,3	0,0	0,0	3,6	0,0	3,5	0,1	0,3	0,5	0,8	1,0	1,2
Total (PLNm)	0,0	0,0	76,5	40,0	0,0	19,7	0,0	0,0	16,4	0,0	16,1	0,5	1,2	2,4	3,8	4,7	5,4
Tax	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
FCF (PLNm)	0,0	0,0	62,0	32,4	0,0	15,9	0,0	0,0	13,3	0,0	13,1	0,4	1,0	2,0	3,1	3,8	4,3
discount rate	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
discount factor	1,00	0,91	0,83	0,75	0,68	0,62	0,56	0,51	0,47	0,42	0,39	0,35	0,32	0,29	0,26	0,24	0,22
DFCF	0,0	0,0	51,2	24,4	0,0	9,9	0,0	0,0	6,2	0,0	5,0	0,1	0,3	0,6	0,8	0,9	0,9
DFCF sum (mIn PLN)	100,3																
grow th rate in TV																	
Residual value (TV)																	
Present TV	1,7																
Valuation (PLNm)	102,0																

Source: Trigon Brokerage House

CT-05

- 1) **Primary therapeutic objective:** inflammatory bowel disease
- 2) **Additional therapeutic purpose:** psoriasis, rheumatoid arthritis
- 3) **Current status of the project:** project at the stage of structure expansion for lead selection (*hit-to-lead*), Drug Discovery phase

Assumptions for valuation: CT-05 in inflammatory bowel disease (IBD), psoriasis and rheumatoid arthritis (RA)

CT-05 (IBD)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase		30	11%	35%	35%
Phase I	2025	30	11%	23%	66%
Phase II	2027	35	13%	7%	32%
Phase III	2030	75	27%	5%	62%
Registration	2032	110	39%	4%	86%
Sales (1 year after registration)	2033				
Deal size (mEUR)		280	100%		
Market value in 2019 (mEUR)	11 607				
CAGR between 2019 and registration (%)	2,2%				
CAGR between registration and peak sales (%)	1,5%				
Peak sales (rok) - 5 year after registration	2038				
Market share (%)	5,0%	Deal value	Royalties	TV	
Royalties	7,5%	88%	8%	4%	
rNPV	72,1	63,5	5,5	3,1	

CT-05- 2nd indication (psoriasis)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2025	30	11%	35%	35%
Phase I	2026	30	11%	23%	66%
Phase II	2028	35	13%	7%	32%
Phase III	2031	75	27%	5%	62%
Registration	2033	110	39%	4%	86%
Sales (1 year after registration)	2034				
Deal size (mEUR)		280	100%		
Market value in 2019 (mEUR)	13 735				
CAGR between 2019 and registration (%)	7,5%				
CAGR between registration and peak sales (%)	5,0%				
Peak sales (rok) - 5 year after registration	2039				
Market share (%)	10,0%	Deal value	Royalties	TV	
Royalties	10,0%	56%	24%	19%	
rNPV	102,2	57,7	24,9	19,6	

CT-05- 3rd indication (RA)	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2025	30	11%	35%	35%
Phase I	2026	30	11%	23%	66%
Phase II	2028	35	13%	7%	32%
Phase III	2031	75	27%	5%	62%
Registration	2033	110	39%	4%	86%
Sales (1 year after registration)	2034				
Deal size (mEUR)		280	100%		
Market value in 2019 (mEUR)	17 448				
CAGR between 2019 and registration (%)	3,0%				
CAGR between registration and peak sales (%)	2,0%				
Peak sales (rok) - 5 year after registration	2039				
Market share (%)	10,0%	Deal value	Royalties	TV	
Royalties	10,0%	68%	18%	14%	
rNPV	85,4	57,7	15,6	12,0	

Source: Trigon Brokerage House

PROJECT IN COLLABORATION WITH SOSEI HEPTARES

- 1) **Therapeutic target:** inflammatory bowel disease (IBD)
- 2) **Current Project Status:** project at the stage of early Drug Discovery phase
- 3) **Project IP share for Captor:** 35% (65% Sosei Heptares)

Assumptions for valuation of the cooperation project with Sosei Heptares

Sosei Heptares collaboration	Year	Upfront payment & milestone (mEUR)		cum. probability of success	probability of success
Preclinic phase	2024	33	11%	35%	35%
Phase I	2025	33	11%	23%	66%
Phase II	2027	39	13%	7%	32%
Phase III	2033	83	27%	5%	62%
Registration	2032	120	39%	4%	86%
Sales (1 year after registration)	2033				
Deal size (mEUR)		307	100%		
Market value in 2019 (mEUR)	11 607				
CAGR between 2019 and registration (%)	2,2%				
CAGR between registration and peak sales (%)	1,5%				
Peak sales (rok) - 5 year after registration	884				
Market share (%)	5,0%	Deal value	Royalties	TV	
Royalties	10,0%	86%	9%	5%	
rNPV	28,5	24,4	2,6	1,5	

Source: Trigon Brokerage House

rNPV valuation: CT-05

Sosei Heptares collaboration	2021P	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F	2037F	
milestone	0,0	0,0	0,0	33,0	32,7	0,0	38,5	0,0	0,0	82,8	0,0	120,0	0,0	0,0	0,0	0,0	0,0	
Market size (EURm)	12 123	12 390	12 662	12 941	13 226	13 517	13 814	14 118	14 428	14 746	15 070	15 402	15 741	15 972	16 206	16 443	16 685	
y/y		2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	2,2%	1,5%	1,5%	1,5%	1,5%	
Market share (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	5%	5%	5%	5%	
peak sales curve	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	25%	50%	75%	90%	
sales (EURm)	0	0	0	0	0	0	0	0	0	0	0	0	79	200	405	617	751	
Royalties	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	10,0%	10,0%	10,0%	10,0%	10,0%	
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	7,9	20,0	40,5	61,7	75,1	
TOTAL	0,0	0,0	0,0	33,0	32,7	0,0	38,5	0,0	0,0	82,8	0,0	120,0	0,0	7,9	20,0	40,5	61,7	75,1
probability	0%	0%	0%	35%	23%	0%	7%	0%	0%	5%	0%	4%	4%	4%	4%	4%	4%	
milestone	0,0	0,0	0,0	11,6	7,6	0,0	2,8	0,0	0,0	3,8	0,0	4,7	0,0	0,0	0,0	0,0	0,0	
Royalties (EURm)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,3	0,8	1,6	2,4	2,9	
TOTAL	0,0	0,0	0,0	11,6	7,6	0,0	2,8	0,0	0,0	3,8	0,0	4,7	0,3	0,8	1,6	2,4	2,9	
Total (PLNm)	0,0	0,0	0,0	53,4	34,8	0,0	13,0	0,0	0,0	17,4	0,0	21,6	1,4	3,6	7,3	11,1	13,5	
Captor's share	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	
Tax	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%	
FCF (PLNm)	0,0	0,0	0,0	15,1	9,9	0,0	3,7	0,0	0,0	4,9	0,0	6,1	0,4	1,0	2,1	3,2	3,8	
discount rate	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	
discount factor	1,00	0,91	0,83	0,75	0,68	0,62	0,56	0,51	0,47	0,42	0,39	0,35	0,32	0,29	0,26	0,24	0,22	
DFCF	0,0	0,0	0,0	11,4	6,7	0,0	2,1	0,0	0,0	2,1	0,0	2,2	0,1	0,3	0,5	0,8	0,8	
DFCF sum (m in PLN)	27,0																	
growth rate in TV	-30%																	
Residual value (TV)	6,7																	
Present TV	1,5																	
Valuation (PLNm)	28,5																	

Source: Trigon Brokerage House

Income statement (PLNm)

	2018	2019	2020	2021F	2023F	2023F
Revenues	0,0	0,0	0,0	3,4	4,5	0,0
Revenues from R&D services	0,0	0,0	0,0	3,4	4,5	0,0
Revenues from R&D partnering transactions	0,0	0,0	0,0	0,0	0,0	0,0
Profit from sales	0,0	0,0	0,0	3,4	4,5	0,0
Operating costs	13,3	23,8	33,5	48,1	62,1	71,8
Other operating profits	9,9	16,0	21,6	21,9	27,6	38,2
Other operating costs	0,7	0,0	0,4	0,0	0,0	0,0
EBITDA	-1,5	-3,4	-5,6	-14,7	-17,4	-22,3
EBITDA adj.	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
EBIT	-4,1	-7,9	-12,2	-22,9	-30,0	-33,7
Financial net	-0,3	-0,5	-0,5	0,0	0,0	0,0
Gross profit	-4,4	-8,3	-12,7	-23,4	-30,6	-34,3
Income tax	0,0	0,0	0,0	0,0	0,0	0,0
Minority interest	0,0	0,0	0,0	0,0	0,0	0,0
Net profit	-4,4	-8,3	-12,7	-23,4	-30,6	-34,3
Net profit adj.	-4,4	-8,3	-12,7	-23,4	-30,6	-34,3
EBITDA adj. margin	-	-	-	-	-	-
EBIT margin	-	-	-	-	-	-
net profit adj. margin	-	-	-	-	-	-
sales grow th y/y	-	-	-	-	-	-
EBITDA adj. grow th y/y	-	-	-	-	-	-
EBIT grow th y/y	-	-	-	-	-	-
net profit adj. grow th y/y	-	-	-	-	-	-

Source: the company (historical data), Trigon Brokerage House (forecasts); P&L does not include payments related to potential partnering transactions

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21F
Revenues	0,0	0,0	n.a.	0,0	0,4	0,4
Revenues from R&D services	0,0	0,0	n.a.	0,0	0,4	0,4
Revenues from R&D partnering transactions	0,0	0,0	n.a.	0,0	0,0	0,0
Profit from sales	0,0	0,0	n.a.	0,0	0,4	0,4
Operating costs	7,9	9,1	n.a.	33,5	10,1	11,7
Other operating profits	6,7	5,8	n.a.	21,6	4,5	5,2
Other operating costs	0,0	0,0	n.a.	0,4	0,0	0,0
EBITDA	0,2	-1,8	n.a.	-5,6	-3,4	-4,4
EBITDA adj.	0,2	-1,8	n.a.	-5,6	-3,4	-4,4
Amortization	1,5	1,5	n.a.	6,6	1,8	1,6
EBIT	-1,3	-3,2	n.a.	-12,2	-5,2	-6,0
Financial net	0,0	-0,2	n.a.	-0,5	0,0	0,0
Gross profit	-1,4	-3,4	n.a.	-12,7	-5,3	-6,2
Income tax	0,0	0,0	n.a.	0,0	0,0	0,0
Minority interest	0,0	0,0	n.a.	0,0	0,0	0,0
Net profit	-1,4	-3,4	n.a.	-12,7	-5,3	-6,2
Net profit adj.	-1,4	-3,4	n.a.	-12,7	-5,3	-6,2

EBITDA adj. margin	-	-	-	-	-	-
EBIT margin	-	-	-	-	-	-
net profit adj. margin	-	-	-	-	-	-

sales grow th y/y	-	-	-	-	-	-
EBITDA adj. grow th y/y	-	-	-	-	-	-
EBIT grow th y/y	-	-	-	-	-	-
net profit adj. grow th y/y	-	-	-	-	-	-

Source: the company (historical data), Trigon Brokerage House (forecasts); P&L does not include payments related to potential partnering transactions

Balance (PLN m)

	2018	2019	2020	2021F	2023F	2023F
Fixed assets	11,3	10,6	12,5	35,5	48,7	65,3
Tangible fixed assets	11,2	10,4	12,2	35,1	48,3	64,9
Intangible assets	0,1	0,1	0,1	0,2	0,2	0,2
Company's value	0,0	0,0	0,0	0,0	0,0	0,0
Long-term receivables	0,0	0,0	0,0	0,0	0,0	0,0
Long-term investments	0,0	0,0	0,0	0,0	0,0	0,0
Other	-	-	-	-	-	-
Current assets	-	-	-	-	-	-
Inventory	0,0	0,0	0,0	0,0	0,0	0,0
Trade receivables	4,0	1,9	1,8	4,4	4,4	4,4
Other	-	-	-	-	-	-
Cash	2,4	12,3	10,7	118,0	75,4	26,6
Assets	18,1	25,3	25,8	159,1	129,6	97,5
Equity	3,4	4,3	-1,0	136,6	106,0	71,7
Share capital	0,4	0,4	0,4	0,3	0,3	0,3
Other	7,5	12,2	11,3	159,6	136,2	136,2
Net profit (loss)	-4,4	-8,3	-12,7	-23,4	-30,6	-64,9
Minority capital	0,0	0,0	0,0	0,0	0,0	0,0
Long-term liabilities	7,4	5,8	6,8	6,4	6,4	7,4
Interest-bearing liabilities	7,4	5,7	6,7	6,3	6,3	7,4
Other	0,0	0,1	0,1	0,0	0,0	0,0
Short-term liabilities	7,2	15,2	20,0	16,1	17,2	18,3
Interest-bearing liabilities	3,5	4,6	5,7	5,7	5,7	6,6
Trade liabilities	2,8	3,0	3,2	3,3	3,3	3,3
Other	0,9	7,7	11,1	7,2	8,3	8,4
Liabilities	18,1	25,3	25,8	159,1	129,6	97,5
Net working capital	1,2	-1,1	-1,4	1,1	1,1	1,1
Net debt	8,4	-2,1	1,8	-106,0	-63,4	-12,6
Net debt adj.	8,4	-2,1	1,8	-106,0	-63,4	-12,6
Net debt /EBITDA (x)	-5,4	0,6	-0,3	7,2	3,6	0,6
Net debt /equity (x)	2,5	-0,5	-1,8	-0,8	-0,6	-0,2
ROE (%)	-	-	-	-	-	-
ROA (%)	-	-	-	-	-	-
Cash conversion cycle (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Inventory turnover (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables turnover ratio (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts payable turnover ratio (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Cash Flow (PLNm)

	2018	2019	2020	2021F	2023F	2023F
Cash flows from operating activities	-2,1	4,4	-0,6	-19,9	-16,9	-22,8
Net profit (loss)	-4,4	-8,3	-12,7	-23,4	-30,6	-34,3
Amortization	2,6	4,5	6,6	8,2	12,6	11,3
Changes in working capital	0,3	0,7	1,7	-6,1	1,1	0,2
Inventory changes	-	-	-	-	-	-
Trade receivables change	-1,9	0,5	1,7	-2,7	0,0	0,0
Trade liabilities change	2,2	0,2	0,0	-3,5	1,1	0,2
Other	-0,6	7,5	3,8	1,4	0,0	0,0
Cash flows from investment activities	-0,1	-0,2	-0,2	-25,1	-20,0	-20,0
CAPEX	0,1	0,2	0,2	25,1	20,0	20,0
Other	-0,2	-0,5	-0,4	-50,2	-40,0	-40,0
Cash flows from financial activities	3,1	5,7	-0,9	152,4	-5,8	-6,0
Interest-bearing liabilities change	0,0	0,0	0,0	-1,0	0,0	2,0
Revenues from shares emission	6,1	10,2	5,6	159,0	0,0	0,0
Dividend	0,0	0,0	0,0	0,0	0,0	0,0
Other	-3,0	-4,5	-6,5	-5,6	-5,8	-8,0
Net cash flow s	0,9	9,9	-1,7	107,4	-42,6	-48,7
Cash opening balance	1,6	2,4	12,3	10,7	118,0	75,4
Closing balance of cash	2,4	12,3	10,7	118,0	75,4	26,6

Source: the company (historical data), Trigon Brokerage House (forecasts); P&L does not include payments related to potential partnering transactions

Trigon Dom Maklerski S.A.

Plac Unii, Building B, Puławska 2 Street

02-566 Warsaw, Poland

T: +48 22 330 11 11 | F: +48 22 330 11 11

Research:

Grzegorz Kujawski, Head of Research

Consumer, Financials

Maciej Marcinowski, Deputy Head of Research

Strategy, Banks, Financials

Kacper Koproń

Video Games, TMT

Katarzyna Kosiorek

Biotechnology

Michał Kozak

Oil&Gas, Chemicals, Utilities

Dominik Niszcz

TMT, IT

Łukasz Rudnik

Industry, Metal&Mining

David Sharma

Construction, Developers, Real Estate

Sales:

Paweł Szczepański, Head of Sales

Paweł Czupryński

Sebastian Kosakowski

Michał Sopiński

Hubert Kwiecień

Disclaimer

General information

The Document has been prepared by Trigon Dom Maklerski S.A. (the "Brokerage House"), for remuneration, on behalf of Warsaw Stock Exchange S.A. (the "WSE"), based on agreement for the provision of services for the preparation of analytical reports (the "Agreement"), which is supervised by the Polish Financial Supervision Authority.

In the first place, the Document is addressed to selected clients of the Brokerage House who use its services in the area of research and recommendations. It may, however, be distributed to a wider public from the date specified therein (by posting it on the Brokerage House website, providing it to entities that may quote it in media, in whole or in parts as they see fit, or otherwise) as a recommendation within the meaning of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC Text with EEA relevance ("Regulation").

Definitions

capitalisation – market price multiplied by the number of a company's shares

free float (%) – a percentage of a company's shares held by shareholders with less than 5% shareholding reduced by treasury shares held by the company

min/max 52 wks – minimum/maximum share price within the last 52 weeks

average turnover – average volume of share trading within the last month

EBIT – operating profit

EBITDA – operating profit increased by depreciation and amortisation

adjusted profit – net profit adjusted for one-off items

CF – cash flow

capex – sum of investment expenditures on fixed assets

ROA – rate of return on assets

ROE – rate of return on equity

gross profit margin – a ratio of gross profit to net revenue

EBITDA margin – a ratio of sum of operating profit and depreciation/amortisation to net revenue

EBIT margin – a ratio of operating profit to net revenue

net margin – a ratio of net profit to net revenue

EPS – earnings per share

DPS – dividends per share

P/E – a ratio of market price to earnings per share

P/BV – a ratio of market price to book value per share

EV/EBITDA – a company's EV to EBITDA ratio

EV – sum of a company's current capitalisation and net debt

DY – dividend yield, dividend paid to share price ratio

ISSUER – Captor Therapeutics S.A.

Recommendations of the Brokerage House

BUY – we expect that the rate of return on an investment will be at least 10%

NEUTRAL – we expect the price of an investment to be relatively stable, optionally it will increase no greater than 10%

SELL – we expect that an investment will make a loss greater than 0%

Recommendation prepared by: Katarzyna Kosiorek

Recommendations are valid for a period of 12 months from the date of issuance (the date specified at the beginning of the document) or until the price target of the financial instrument is achieved.

The Brokerage House may update its recommendation at any time, depending on current market conditions or assessment of persons preparing the recommendation.

Short-term recommendations (particularly those designated as speculative) may be valid for a shorter period of time. Short-term recommendations designated as speculative involve a higher investment risk.

Valuation methods used

The Brokerage House customarily applies two methods – discounted cash flow (DCF) and multiples methods (a comparison of a company's trading multiples with the metrics of comparable companies). Alternatively, a discounted dividend model may also be used. The key disadvantage of methods based on discounted cash flows is high sensitivity to adopted assumptions, whereas their advantage is a lack of relation to a company's current market price. On the other hand, the main disadvantage of the multiples method is a risk that at a given point in time the market prices of comparable companies might not reflect their true value, whereas its advantage lies in the fact that it shows a company's market value obtained based on the market values of comparable companies.

As basis valuation methodology and the adopted assumptions used to assess the financial instrument or issuer or to determine the target price of the financial instrument was adopted risk-adjusted Net Present Value (rNPV).

The valuation, valuation methodology or adopted assumptions did not change from the date of preparation and the first dissemination of the Document.

The Document was not presented to the issuer and then changed. The document did not change from the date of its preparation and the first dissemination.

Detailed information on the valuation or methodology and assumptions, as well as information on previous recommendations on the Issuer's financial instruments, published in the last 12 months prior to the date of this recommendation, is available on the website of Brokerage House www.trigon.pl.

Legal disclaimers, disclaimers related to risks

In the opinion of the Brokerage House, the Document has been prepared objective, with due care and attention and with the avoidance of potential conflicts of interest. The Brokerage House bears no responsibility for any inaccuracies, incompleteness or inconsistency with the facts in the Document. In particular, the Brokerage House bears no responsibility for any damage suffered as a result of investment decisions made on the basis of information contained in the Document.

The Document does not take into account the individual needs and circumstances of any investor nor is it an indication that any investment is suitable for a given investor. Accordingly, the conclusions drawn based on the Document may prove inappropriate for a given investor.

The Brokerage House bears no responsibility for the way in which the information contained in the Document is used. Historical data presented in the Document relate to the past and past performance is no guarantee of similar results in the future. The information relating to the future may prove wrong, as it expresses opinions of persons representing the entity described or represents independent assessment of the Brokerage House.

The information and opinions contained in the Document are not intended to be the sole basis upon which decisions are made. It is therefore advisable for the recipient(s) to make its/their own judgment and assessment of the information, consider information other than that presented in the Document, verify the presented information themselves, assess the risks related to decision-making based on the Document, and consider consulting an independent analyst, investment advisor or other persons with relevant expertise.

Unless specifically stated, the information contained in the Document should not be treated as authorized or approved by the entity described therein. The conclusions and opinions expressed in the Document are conclusions and opinions of the Brokerage House.

There are no conflicts of interest between the Brokerage House and/or persons taking part in the preparation of the Document or having access to the Document before its publication (employees, service providers and other associated persons) and the Issuer. As of the date of preparation of the Document, the Brokerage House does not hold any shares in the Issuer, subject to the following information.

There are no persons among those who took part in the preparation of the Document, or those who did not take part in its preparation but had or could have had access to the Document, who would hold shares in the Issuer representing 5% or more of its share capital or financial instruments whose value is materially linked to the value of financial instruments issued by the Issuer. The Brokerage House has not received any dividend from the Issuer in the last 12 months. No members of the governing bodies of the Issuer or their relatives are members of the governing bodies of Trigon Dom Maklerski S.A. None of the persons engaged in the preparation of the Document serves in the governing bodies of the Issuer, holds a managerial position in, or is a close person of any member of the governing bodies of the Issuer. Moreover, none of those persons or their relatives is a party to any agreement with the Issuer that would be executed on terms and conditions other than those of other agreements executed by the Issuer and customers.

Between The Brokerage House and / or participating in the preparation of this Document or having access to the Document prior to its publication: employees, contractors and other services related parties and the Issuer there is no conflict of interest. At the date of preparation of the Document The Brokerage House does not hold shares of the Issuer. As of the date on which this Document is prepared The Brokerage House performs orders to buy or sell financial instruments in its own name but on behalf of the Issuer for the purposes of performance of tasks connected with market maker services or buying or selling financial instruments on its own account for the purposes of performing the investment underwriting agreement or service underwriting agreement. The Brokerage House act as a market maker. Remuneration for persons participating in drawing up this Document is not directly based on financial results achieved by the Brokerage House in connection with transactions in Issuer financial instruments performed by the Brokerage House. Among those who participated in preparation of this Document, as well as those who did not participate in its preparation, but had or could have had access to the Document, there are not people who hold shares of the Issuer in the amount of at least 5% of the share capital or hold other financial instruments whose value is essentially linked to the value of financial instruments issued by the Issuer. The Brokerage House in the past 12 months has not received from the Issuer dividend. Directors of the Issuer or their relatives are not directors of The Brokerage House. None of the persons involved in the preparation of this Document, does not take a management position or is close to the members of governing bodies of Issuer and none of these persons, as well as their relatives are not part of any agreement with the Issuer, which would be concluded on different terms than other agreements entered into by the Issuer and consumers.

There are no other circumstances as regards potential conflict of interest which could be the subject to disclosure on the ground of the regulation on the recommendation.

Additionally, at any time The Brokerage House can perform a function of mandator or mandatary in relation to more than one party, perform long or short stock, perform transactions on its own account or on the client's account regarding financial instruments issued by the Issuer. In the future The Brokerage House is likely to have investment connections within the framework of fiduciary activity as well as other connections with the parties other than the Issuer or Issuer's shareholders.

The Brokerage House manages its actual and potential conflicts of interest by means of measures provided for in the Regulation on Recommendations and by implementing the Brokerage House's general policy for the management of conflicts of interest. In the Brokerage House's opinion, the Document has been prepared in a manner eliminating the effect of any potential conflicts of interest.

The Brokerage House employees participating in the preparing this Document: i) do not receive remuneration directly related to transactions related to the services of the Brokerage House specified in Sections A and B of Annex I to Directive 2014/65 / EU or any other type of transaction that is carried out by the Brokerage House or any other person legal being part of the same capital group as the Brokerage House, nor with fees for such transactions that are received by the Brokerage House or any other legal entity that is part of the same group as the Brokerage House, ii) do not receive or buy shares of the Issuer before the public offer.

Detailed information about the conflict of interest management policy can be found at www.trigon.pl.

The Brokerage House pays careful attention to numerous risks related to investments in financial instruments. Investing in financial instruments carries a high degree of risk of losing some or all funds invested.

The date presented on the first page of the Document is a date of its preparation and delivery to the recipients. Trigon Dom Maklerski S.A. is the owner of the trademarks, service marks and logo presented in the Document. The GPW owns copyrights to the Document and the content of the Document. The Brokerage House based on the Agreement is authorize to redistributing the Document to its clients. Any publication, dissemination, copying, use or provision of the Document (or any part thereof) to any third party in any manner other than its legally sanctioned use, requires the consent of the WSE.

Due to certain legal limitations, the Document may not be directly or indirectly presented, made available or issued in jurisdictions where its dissemination may be subject to local legal limitations. Persons presenting or disseminating the Document are obligated to be familiar with and observe such limitations. It is assumed that each person (organisational entity) who receives, accepts or consents to receive the Document, by doing so:

- accepts every reservation mentioned above;
- confirms that he/she has read the Trigon Dom Maklerski S.A. Terms and Conditions of research and recommendations (available on websites: www.doakcji.trigon.pl, www.trigon.pl, referred to as the "Terms & Conditions") and accepts them;
- gives his/her consent to be provided with a one-time service of research and recommendation provision by the Brokerage House through receiving access to the Document. The provision is covered by the Terms & Conditions together with reservations contained in and related to the Document. Additionally, (1) the service is limited to free of charge provision of the Document and use of the Document by the addressee, (2) the service is valid only for the time of using the Document by the addressee.

The Document is not an offer within the meaning of Art. 66 of the Polish Civil Code, nor is the basis for entering into any other agreement or creating any other obligation.

Date of preparation: 16 July 2021

Date of first distribution: 16 July 2021 08:20 CET