

## Captor Therapeutics

### Closer and closer to entering the clinic

#### 1Q23 result outlook [neutral]:

- We estimate R&D expenses at c. PLN 15.1m (+50% y/y; +7% q/q), with total OPEX expenses at c. PLN 17.7m (+9% y/y; +6% q/q). For the whole of 2023, we assume an expenditure level of c. PLN 78m on ongoing R&D work.

**Valuation:** We made changes to the CTX valuation due to the inclusion of: 1) greater advancement of projects CT-01, CT-02 and CT-05 in line with the disclosure of molecular targets (effect of c. +8 PLN/share); 2) higher vs. our assumed R&D expenditure in line with the new strategy (effect of c. -6 PLN/share). Finally, we slightly increased the valuation of CTX.

#### R&D:

- CT-01 (CPT-6281):** compound CT-01 effectively degrades the NEK7 protein as a third molecular target (in 04.2022, the Company announced two of the three molecular targets, the GSPT1 and SALL4 proteins). The project is being developed as a potential application for the treatment of hepatocellular carcinoma (HCC) and other cancers (including lung), and is in preclinical IND phase studies.
- CT-02 (autoimmune, inflammatory, oncological diseases):** project targets the NEK7 kinase singly in an approach to the treatment of autoimmune and inflammatory diseases. CTX has confirmed in vitro and ex vivo efficient degradation of NEK7 with apparent inflammation-altering effects, structurally optimised compounds with a suitable pharmacological profile have been obtained, a series of compounds with the ability to cross the blood-brain barrier have been identified
- CT-05 (inflammatory diseases):** CTX revealed a PKC kinase molecular target. CTX confirmed in vitro the efficient degradation and selectivity and activity profile of the first-in-class PKC molecular target in immune cells; the absence of adverse effects on non-immune cells and the superior selectivity of the compound against classical inhibitors, which have not been successful in clinical trials due to side effects.
- Key newsflow - TDM assumptions:** 1) implementation of CT-01 for clinical trials (2H23) 2) selection of pre-clinical candidates CT-02 (2H23) and CT-05 (1H24), 3) possibility of further collaboration agreements.
- Budget:** In the period 2023-2025, CTX assumes R&D expenditure of USD 79.4m (PLN 352.1m) (including a provision of approximately USD 5m). CTX has a cash position that provides a base for research by the end of 1H24. The company anticipates issuing (under authorised capital) up to 1.2m ordinary shares to raise funding for R&D work.
- We do not assume non-recurring events in the results.
- We expect a neutral market reaction to the results.

mPLN	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23E	y/y	q/q
Sales	0	1	1	1	1	1	1	6	2	93%	-66%
EBITDA	-3	-5	-7	-9	-9	-8	-8	-6	-6	-	-
EBIT	-5	-7	-9	-11	-11	-10	-9	-8	-8	-	-
Net profit	-5	-7	-9	-11	-11	-10	-9	-6	-7	-	-
P/E 12M trailing	-	-	-	-	-	-	-	-	-	-	-
EV/EBITDA 12M trailing	-	-	-	-	-	-	-	-	-	-	-
sales growth y/y	-	-	-	-	144%	16%	-11%	355%	93%	-	-
EBITDA margin	-	-	-	-	-	-	-	-	-	-	-
EBIT margin	-	-	-	-	-	-	-	-	-	-	-
Net margin	-	-	-	-	-	-	-	-	-	-	-

#### Financial results

29.05.2023

Company data	Recommendation history	Date	Price	
<b>Ticker</b>	CTX	Buy	07.12.2022	232,5
<b>Sector</b>	Biotech & MedTech	Buy	15.11.2022	232,5
<b>Price (PLN)</b>	165,0	Buy	20.10.2022	213,7
<b>52w min/max (PLN)</b>	102,5 / 188	Buy	20.07.2022	217,8
<b>Shares (m)</b>	4,1	Buy	20.04.2022	239,3
<b>MC (PLNm)</b>	681	Buy	08.12.2021	243,1
<b>S&amp;P Global ESG Scores</b>	0	Buy	20.10.2021	243,0
<b>Avg. 3M turnover (PLNm)</b>	0,49	Buy	20.07.2021	234,3
<b>Price chng.</b>	<b>1M</b> 10,6%	<b>3M</b> 12,0%	<b>1Y</b> 3,5%	

**Buy**

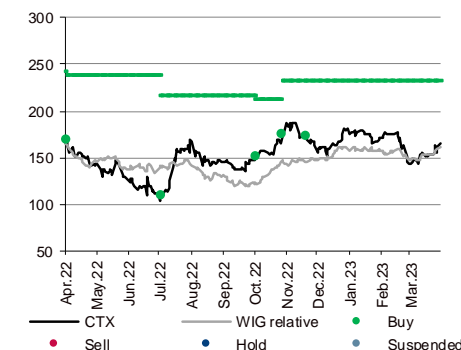
(Previous: Buy; PLN 232,5)

**TP: 233,7 PLN**

**Cur. price: 165 PLN**

**Upside: 42%**

#### WIG vs. CTX chart



mPLN	2020	2021	2022	2023E	2024E	2025E
Sales	0	4	9	26	14	14
EBITDA	-6	-25	-31	-34	-60	-115
EBIT	-12	-32	-38	-41	-70	-125
Net profit	-13	-33	-35	-39	-68	-122
EPS (PLN)	-3,54	-7,9	-8,1	-8,8	-15,6	-28,0
DPS (PLN)	0,0	0,0	0,0	0,0	0,0	0,0
P/E (x)	-	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-	-
P/BV (x)	-590,0	5,5	7,5	12,4	4,3	16,0
DY (%)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

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#### 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  
OCF – cash generated through the operational activities of the company  
FCF – cash generated by the company after taking into account outflows to support operations and retained capital

ROA – rate of return on assets  
ROE – rate of return on equity  
NWC – net working capital  
Cash conversion cycle – period from the moment of expenditure of cash for the purchase of production factors until the moment of receipt of cash revenues from the sale of manufactured goods or services.

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

RFR - risk-free rate  
WACC - weighted average cost of capital

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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%  
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