Noctiluca S.A.

East Value Research

FV: PLN 189.08 | Update | Rating: N/A

In Q2/2024, Noctiluca completed first orders with two partners: An OLED panel manufacturer from the US and a security document partner from Europe. Moreover, Noctiluca entered into an advanced testing program with LG Display, whereby a much larger number of materials will be tested. NCL emphasizes that a JDP project with LG is still feasible in 2024E but using only TADF green and red emitters. NCL is a leader in the development of emitters using printing technology (IJP), having synthesized all the colors required by the market. In H2/24E, Noctiluca's materials will be used in monochrome displays and the firm expects to win two new global business partners. The company has six patent applications and plans to reach at least 8 by the end of 2024E. On the negative side, we see a continuation of the MTA contract with LG Display rather than a JDP deal, which is why we have lowered our valuation of NCL from USD 81.75m to USD 74.88m (PLN 294.49m / PLN 189.08 per share).

In H1/24, NCL generated sales of PLN 567k (+1357% y-o-y), resulting in an EBIT of PLN -3.41m (H1/23: PLN -2.76m) and net loss of PLN -3.46m (PLN -2.74m). For 2024E, management is forecasting 3x-5x 2023 revenues, so we have lowered our revenue estimate to PLN 3.23m (prev. PLN 4.05m). This pace of growth is expected to be maintained in the following years. The cash position is stable as the company has started to use its credit line with Rubicon Partners, but for scaling up it will have to conduct a financing round, which we expect at the end of 2024E, when the company is to enter the main regulated market of the Warsaw Stock Exchange.

Noctiluca has published its new strategy for 2024/25E, which aims to significantly increase revenues from proprietary materials and commercialization of patented chemical families. The company aims to become an HPM materials (high-performance materials) hub for Europe, working with leading European research teams and helping them to commercialize the high-performance materials they have discovered. NCL has active projects in four industries, which include displays with a market value of USD 176bn, lighting (USD 128bn), signage (USD 26bn) and printed electronics (USD 13.5bn) and is additionally targeting three new markets, the largest of which is VLC applications (USD 1.6bn).

in PLNm	2020	2021	2022	2023	2024E
Total revenue	0.67	0.56	1.03	0.75	3.23
EBITDA	-1.33	-2.03	-2.39	-3.77	-4.16
EBIT	-1.35	-2.34	-2.81	-5.17	-6.06
Net income / loss	-1.40	-2.37	-2.85	-5.12	-6.23
EPS	-1.07	-1.61	-1.93	-3.28	-4.00
DPS	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
ROE	-50.89%	-49.09%	-144.07%	-154.78%	-135.54%
Net gearing	-92.85%	-84.05%	-45.89%	-61.52%	-73.44%
EV/Sales	n.a	n.a	129.80x	177.84x	41.52x
EV/EBITDA	n.a	n.a	neg	neg	neg
P/E	n.a	n.a	neg	neg	neg

Company profile

Noctiluca S.A. is a Polish deep-tech material science company. The firm develops innovative materials for the OLED industry.

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Website	www.noctiluca.eu
Sector	Material Science
Country	Poland
ISIN	PLNCTLC00018
Reuters	NCL.WA
Bloomberg	NCL PW

Share information

Last price	85.50
Number of shares (m)	1.56
Market cap. (PLNm)	133.17
Market cap. (EURm)	30.92
52-weeks range	PLN 132.4 / PLN 78
Average volume (shares)	625

Performance

4-weeks	-3.06%
13-weeks	-20.54%
26-weeks	-20.69%
52-weeks	-34.13%
YTD	-26.92%

Shareholder structure

Synthex Technologies Sp. z.o.o	32.65%
Mariusz Bosiak (CEO)	6.42%
Polski Instytut Badań i Rozwoju	6.23%
ASI ValueTech Seed	6.23%
Free float	48.47%

Financial calendar

Q3/2024 report	09 November, 2024

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Results in H1/2024

Revenues and Profitability

In H1/2024, Noctiluca generated total revenues incl. change of inventories and manufactured products for own use of PLN 642k (+1561.1% y-o-y). Net sales reached PLN 567k (+1357.2% y-o-y). Operating expenses (OPEX) increased to PLN 4.53m (+43.1% y-o-y), resulting in a negative EBIT of PLN -3.41m (H1/23: PLN -2.76m) and net loss of PLN -3.46m (PLN -2.74m). Costs increased due to higher amortization of PLN 713k (+59.6% y-o-y), third-party services of PLN 2.02m (+48%) and salaries of PLN 1.1m (+63%).

In the first six months of 2024, Noctiluca continued to send its materials to the world's largest display companies but has also actively approached new related industries (lighting, digital signage, printed electronics), where its materials can also be used.

NCL has completed orders for two new business partners, one of which is a European company in the field of document security, with which it plans to enter into a much larger project in H2/24E. The second is an American company that produces monochromatic OLED panels and, following successful tests, plans to enter into a JDP for a simple display, possibly as early as 2024E.

A demonstrator has been presented to a Swiss client, a watch producer, using proprietary TADF emitters using printing technology. A new ink is currently being developed with plans to create the first end-device in H2/24E. By late 2025E, these devices could be mass-produced, meaning regular orders for Noctiluca can be expected.

Regarding the promising contract with LG Display, both parties have agreed to extend the MTA contract. Noctiluca expects to receive the green light in H2/24E for a new project to develop devices using 3rd and 4th generation OLED emitters in red and green color.

in PLNm	H1/2024	H1/2023	y-o-y change
Net sales	**0.57**	**0.04**	1357.2%
Total revenues	**0.64**	**0.04**	1561.1%
Operating costs	**-4.53**	**-3.16**	43.1%
EBITDA	**-2.93**	**-2.65**	10.5%
EBITDA margin	*-456.1%*	*-6859.5%*	
EBIT	**-3.41**	**-2.76**	23.6%
EBIT margin	*-530.4%*	*-7128.2%*	
Net income / loss	**-3.46**	**-2.74**	26.4%
Net margin	*-538.6%*	*-7077.6%*	

Source: East Value Research GmbH, Noctiluca S.A.

Balance sheet and Cash flow

At the end of June 2024, Noctiluca had negative equity of PLN -153k (ratio: -3.6% compared to 75.1% in Q2/23).

Noctiluca's largest asset position was cash of PLN 2.55m (-44.7% y-o-y), followed by fixed assets of PLN 760k (-18.5%), while short-term receivables reached PLN 559k (+54.1%).

Liabilities consisted of current liabilities of PLN 489k (+75.8% y-o-y) and accruals of PLN 467k (-70.9%). The company has secured a loan from its financial partner, Rubicon Partners, of PLN 3.43m.

In H1/24, Noctiluca reported an operating cash flow of PLN -2.91m compared to PLN -2.44m in H1/23. The reason was a higher net loss, which however was partially offset by higher D&A expenses of PLN 713k (H1/23: PLN 446k). Investing cash flow equaled PLN 7k (H1/23: 297k), while cash flow from financing amounted to PLN 3.41m (PLN 6.42m) due to the loan totalling PLN 3.43m.

As outlined by Noctiluca, the implementation of its new strategy, which entails the acquisition of laboratory equipment and the expansion of its R&D team to conduct a pivotal step in materials testing independently, necessitates a capital expenditure of USD 3-5m. The funds for this project will be sourced from the upcoming share issue, which is expected to happen in H2/24E.

Changes to our forecasts

Revenues and profitability

According to latest forecasts by DSCC, the OLED materials market is supposed to reach USD 2.12bn (+24% y-o-y) in 2024E and to grow at a CAGR of 6% by 2028E. Meanwhile, Omdia expects this market to reach USD 2.06bn (+21% y-o-y) in 2024E. According to Omdia, OLED is now the leading display technology for smartphones. For the OLED market as a whole, DSCC predicts that revenues will grow by 12% y-o-y, largely thanks to Apple's first implementation of OLED tablets.

OLED technology is growing and slowly becoming the leading technology in displays, but also thanks to the wide range of applications many other OLED devices/products are currently being tested. One such application may be Inuru's OLED packaging solution. Our new estimates for 2024E reflect NCL's management's guidance that revenues for this year will be 3x-5x those in 2023, meaning that our previous forecasts were too high. We now forecast revenues of PLN 3.23m (prev. PLN 4.05m), EBITDA of PLN -4.16m (PLN -3.32m) and a net loss of PLN -6.23m (PLN -5.19m).

	2024E	
in PLNm	**new**	**old**
Net sales	**3.23**	**4.05**
EBITDA	**-4.16**	**-3.32**
EBITDA margin	*-128.7%*	*-82.0%*
EBIT	**-6.06**	**-5.22**
EBIT margin	*-187.6%*	*-128.9%*
Net income / loss	**-6.23**	**-5.19**
Net margin	*-192.7%*	*-128.1%*

Source: East Value Research GmbH

		Current Status	2024 2H	2025	Likelihood of JDP/cCRO	Earliest possible revenue	Note
1	Inuru		**Orders in progress**		**100%**		
2	LG Display	MTA	cCRO/JDP		80%	2024	New MTA contract (Advanced testing).
3	Switzerland	NDA	JDP	Implementation	80%	2024	Demonstrator with TADF IJP emitters presented by Noctiluca.
4	USA	MTA		JDP	40%	2024/25	
5	Taiwan	JDP		Implementation	**100%**	2024	
6	Taiwan	MTA		JDP	45%	2024	
7	Juhua (TCL & Tianma)	MTA		JDP	60%	2025	
8	Korea	NDA/MTA		JDP	65%	2025	
9	USA		NDA	MTA	25%	2025	
10	USA	NDA	MTA	JDP	40%	2025	
11	China	NDA		MTA/JDP	45%	2025	
12	France		MTA	JDP	40%	2025	
13	Taiwan		MTA	JDP	40%	2024	
14	USA	First order			80%	2024	First order completed in H1/2024.
15	China	NDA		MTA/JDP	20%	2024	
16	Taiwan	MTA		JDP	30%	2025	
17	From Europe	NDA		JDP	50%	2024	First order completed in H1/2024.

Source: East Value Research GmbH, Noctiluca S.A.

Above, we present the progress in the commercialization of proprietary materials. Negative events (delays or reduced probability) are marked in orange, while positive events are marked in green. Notable is the postponement of several JDPs to 2025E. Most of these delays are related to longer processing times by counterparties.

Below are our updated sales forecasts for 2024E. These are just our estimates, as the company is not allowed to share more information about where exactly its sales come from.

Revenue Source	Est. Annual revenue per contract (in USDm)	Est. Annual revenue per contract (in PLNm)	Quantity	Total in 2024E (PLNm)	Notes
Inuru	0.25	1.00	0.60	0.60	Sales of proprietary high performance materials (applications: marketing)
JDP contract (major)	0.80	3.20	0.05	0.16	Sales of proprietary high performance materials for LG Display & other
JDP contract (minor)	0.50	2.00	0.10	0.20	Sales of proprietary high performance materials for developing new products
MTA contract (major)	0.10	0.40	2.50	1.00	Sales of proprietary high performance materials for testing
MTA contract (minor)	0.05	0.20	1.50	0.30	
		Total from own material sales		**2.26**	
Custom Synthesis & cCRO				0.97	
		TOTAL Revenues		**3.23**	

Source: East Value Research GmbH

Inuru, after opening its factory in March 2024, introduced its Coca-Cola packaging, which is only available in Sao Paulo (Brazil), for a limited time. Although the partnership with Inuru is progressing as expected, we think that the revenues are lower, so we have lowered them from previously PLN 1m to PLN 0.6m in 2024E. In addition, we have reduced revenues from JDP contracts due to significant delays. As a result of these changes, sales of proprietary materials are expected to reach PLN 2.26m and total sales PLN 3.23m. As mentioned above, we have lowered our projections for JDP contracts, while maintaining them for MTA contracts, as NCL is moving into paying MTA contracts.

NCL's management has emphasized that revenues are not the primary focus in the early stages. Such companies as Noctiluca build value through the commercialization of new families of compounds and the number of new discoveries through patent applications. In the long term, the goal is to make the business partner dependent on own high-performance materials, leading to very high revenues with a high operating margin. These two key factors are priorities highlighted in NCL's strategy for 2024/25E.

Noctiluca continues R&D activities on blue emitter for PVD technology. Current blue TADF emitters do not have sufficient parameters to be used in OLED devices, but the development of a ready-to-be-commercialized blue emitter opens the door to multi-million contracts. The company expects to file a patent application for a family of such compounds in 2024E. This information would indicate that Noctiluca has made significant progress in increasing the parameters of its blue emitters.

Liquidity & financing

Having taken out a loan from its venture builder, Rubicon Partners, and with another PLN 600k still available, plus up to PLN 4.5m secured from its main shareholder, Synthex Technologies, the company is solvent until at least the end of 2024E. However, in order to implement its new strategy, expand into new markets and carry out one of the most important material development processes in Poland, the company needs to issue new shares (Noctiluca plans to issue a maximum of 173,000 new shares or 10% of the current shares outstanding). From today's perspective, we expect NCL to reach monthly break-even in Q1/25E.

Valuation

The valuation is based on a comparison of Noctiluca with other companies developing innovative materials for the OLED industry. We have valued Noctiluca using a comparable companies' methodology, which has been divided into two categories: Valuation based on funding rounds of peers – Cynora, Credoxys, beeOLED (50%) and valuation based on a qualitative comparison to the market leader – Kyulux (50%).

We have refrained from using income-based valuation methods, given the challenge of forecasting the anticipated economic benefits generated by the company in the future. The TADF technology is gradually advancing, but due to several uncertain factors with many beyond Noctiluca's direct control we have decided to use comparable companies' valuation. The value of Noctiluca is closely tied to how it is valued by OLED panel manufacturers.

Valuation based on funding rounds of peers

Date	Company name	Total Raised (in USDm)	Stake %	Pre-money valuation (in USDm)	Post-money valuation (in USDm)	Notes
2011	Cynora	4.28	52%	3.97	8.25	Series A
2017	Cynora	29.83	24%	95.66	125.49	Series B
2019	Cynora	25	15%	142.85	167.85	Series C
02/2022	CREDOXYS	1.38	16%	7.19	8.57	Seed round
08/2023	beeOLED	14.43	39%	22.44	36.87	Series A
11/2023	CREDOXYS	Undisclosed	18%	n.a	n.a	Pre-Series A
Average				**54.42**	**69.41**	

Source: German national court registry, company's websites, CapitalIQ, East Value Research GmbH

To use this valuation method, we have utilized German national court registry, and public announcements. Details are provided above.

First, we have examined past M&A transactions in the OLED materials industry. Due to the innovative technology Noctiluca is developing there is just one past transaction that closely resembles what Noctiluca is doing: The acquisition of Cynora by Samsung for USD 300m in 2022, whereby some industry experts suggest that the price for Cynora's IP was USD 100-200m.

In 2016, Cynora started a Joint Development Project (JDP) with LG Display and in 2018 had a next-generation blue OLED emitter with EQE 20% (today's standard >30%) and expected commercialization plans in 2020. In 2019, Cynora was valued at USD 167.85m and the company hired a new CEO to help with the commercialization of its next-gen blue emitter but in the end failed to do so. In 2020, it indeed introduced its first commercial product - a blue emitter - but from older generation. As due to rising operational costs - in 2021, it generated a net loss of EUR 19.2m with over 100 employees - Cynora was seeking different ways to become solvent, the close cooperation with Samsung turned out to be a lifesaver for its investors. In 2022, Samsung acquired the research company for about USD 300m, but effectively was seeking only its IP, as the company was liquidated shortly afterwards.

When it comes to funding a technology material company, it is important to distinguish investments made by financial investors (mostly VCs), and strategic investors (OLED manufacturers). Strategic investors such as LG or Samsung might value companies much more because of synergies and the possibility to fully utilize the potential of the material company's developed projects.

New start-ups have also joined the race to create a next generation deep-blue OLED emitter and other innovative materials for the OLED industry. CREDOXYS that was established in 2021 in Dresden completed its first funding round in that year, receiving funds from the German government, among others. In 2023, the company completed its pre-series A round with various VC funds for an undisclosed amount. beeOLED, which is also based in Dresden and was founded in 2020, has recently raised USD 14.4m resulting in a post-money valuation of USD 36.9m. As of now, beeOLED solely focuses on developing a next-generation deep-blue emitter. In an interview, its CEO stated that the company's emitters would be tested by business partners in 2024E and there were still 3-4 years until its emitters would be fully commercialized. For comparison: Noctiluca's own emitters have been tested by leading display manufacturers at least since 2022.

We believe that all the high-performance materials (including deep blue emitters) from the above-mentioned companies are at a similar technological level to Noctiluca. As beeOLED is further away from commercializing its emitters, Noctiluca should currently be valued more. Cynora was valued at c. USD 96m a year after starting its JDP with LG Display. NCL plans to establish a JDP with LG Display in late 2024E. What differentiates Noctiluca from its competitors and is positive in our view, is the diversification of its business partners. Additionally, the aforementioned three German companies solely focus on developing a particular material (2 of them focus only on the deep-blue next-gen OLED emitter), while Noctiluca is developing materials for various layers of the OLED stack. Additionally, Noctiluca develops business relationships not only with the market leaders, but also with smaller players, helping them not only with R&D, but also with the development of their products. Having analyzed the development phases of Noctiluca's competitors excluding the market leader, we have valued Noctiluca at an equity value of USD 70m.

Valuation based on a comparison to the market leader

In addition, we have analyzed how Noctiluca compares with the leader in next-generation OLED materials, Kyulux. Our valuation is based on four key factors: team (20% weight), products (20%), commercialization process (10%), and intellectual property (50%).

Although Noctiluca has successfully expanded into markets other than display, its relative valuation is based on a comparison with Kyulux, which specializes in emitters for displays. This fact explains why we focus on analyzing NCL's progress in relation to the display industry.

Team

Kyulux: In its management, Kyulux has a highly experienced team specializing in OLED development/materials. Additionally, its founder Mr. Adachi is the inventor of an OLED TADF device with multiple patents and innovative materials discovered and is widely regarded as the top researcher in OLED technology. Kyulux has a R&D centre in Boston, close to the Massachusetts Institute of Technology, and thus has access to the best technical graduates in the world.

Noctiluca: The Torun-based company has a relatively young team, but its management consists of experienced scientists and VC managers, who facilitate the commercialization of its materials. In addition, NCL has very experienced and renowned advisors, including Prof. Kwon, a former chief researcher at Samsung SDI and dr Kim, ex Quality Control lead at LG Chem. Additionally, by working with the world's leading research centres, NCL’s team is able to gain valuable know-how and practical experience.

Comment: Comparing workforces enables us to assess the potential of future endeavors on both the research and commercialization side. Kyulux has a much larger and more experienced team and much more research resources. Even though the academic contributions of Kyulux’ team are significantly greater, NCL has managed to establish partnerships with researchers from world’s leading research centres such as: Karlsruhe Institute of Technology, ITRI, and Fraunhofer IAP, to bridge the research gap. Nevertheless, both companies differ quite significantly in this regard.

Update: Noctiluca's new strategy involves collaborating with many research teams in Europe, helping innovators to commercialize their discoveries and potentially persuading them to join NCL's R&D forces. In addition, NCL intends to expand its competencies in product engineering and device physics. One of the activities in this area is the planned partial relocation of its Korean R&D team to Poland. Both activities will have a positive impact on our perception of NCL's R&D team in the future. For now, our rating on this aspect remains unchanged.

Products

Kyulux: The Japanese company is a pioneer in TADF technology and has one of the best emitter systems currently available.

Noctiluca: NCL’s management is of the opinion that its emitters are as good as those of its competitors or even better. The company wants to be the supplier of materials for the entire emission layer, which will consist of two hosts, a sensibiliser (TADF) and an MR-TADF emitter. In contrast to Kyulux, the company works in both PVD – which is the current market standard for big displays - and IJP technology. The construction of a market-ready OLED display using the company's materials is planned for 2024E with its Swiss partner.

Comment: Regarding technological advancement of materials, we do not observe significant differences when it comes to the next-gen products offered by both companies. Kyulux has struggled with developing an efficient deep-blue emitter, while Noctiluca, despite a later start, has closed the technological gap to Kyulux quite quickly. The key difference is that Kyulux is partly owned by Samsung and LG, and its organic materials are much closer to being used in the end devices of these companies, thus covering the majority of the OLED materials market, especially in the largest submarkets (smartphones, TVs). However, the large dependence on the Korean giants also has disadvantages as it excludes other players from using Kyulux' technology.

Update: According to its strategy 2024/25E, NCL wants to become an OLED hub, a company that solves "setup problems", tackling high-level device issues, not just solving a single material problem. Noctiluca has active projects in 4 markets (displays, lighting, digital signage and printed electronics) and by 2025E wants to have projects in 3 new markets (VLC applications, organic photodetectors and perovskite solar cells). The materials developed by NCL can be used in many ways, from photonics to life sciences. In terms of valuation, lighting and displays remain by far the largest and therefore most important sectors for Noctiluca. The fact that Noctiluca has extended its MTA contract with LG Display indicates that its emitters for displays are not yet technologically advanced enough to develop a new device. We perceive this as negative news.

Commercialization

Kyulux: The Japanese company was the first in the world to start commercial shipping of TADF materials in 2020. In 2023, it achieved full-scale commercialization of green material systems and is supposed to achieve the same in 2024E for red and blue material systems. The firm expects to achieve full-scale mass production from 2025E.

Noctiluca: NCL reported the first commercial sales of its own red and green emitters in 2023. In Q3/2024, Inuru launched a limited-edition Coca-Cola bottle in Brazil, which is likely using NCL's emitters. In addition, NCL signed a separate new agreement with Inuru to jointly commercialize a compound for use in OLED devices.

Comment: The firm has entered into multiple Material Transfer Agreements with the world's largest display companies and is expected to work in a form of joint-development project with LG Display from late 2024E. On the other hand, Kyulux already established its base of business partners many years ago. The display market leaders LG and Samsung even invested in Kyulux in 2016. Currently, the Japanese company is leading the race for commercialization of the highly demanded deep-blue next-gen OLED emitter (expected in 2025E), however is dependent on the two Korean giants.

Update: From now on, Noctiluca wants to move from non-paying MTA contracts to paying ones and eventually to JDP contracts. Overall, there is a promising trajectory as shown in the commercialization table, and the first JDPs are expected in H2/2024E, which we believe would be very positive for the company, both in terms of valuation and reputation. However, as the long expected JDP with LG has still not been signed, we have reduced our valuation assumption for this factor.

Intellectual property

Kyulux: The firm has a unique IP portfolio thanks to being a spin-off from Kyushu University and having close ties with it. In 2023, the company appeared in Kikkei Business's Top 40 patent value growth ranking. Currently, the entity has about 150 patented families of chemical compounds.

Noctiluca: The Polish company currently has 6 patent applications (including one granted) and plans to reach 8+ by the end of this year. In the coming years, it plans to patent an average of 10 families of chemical compounds in order to close the gap with its competitors. NCL has developed over 1,200 chemical compounds, out of which c. 30% are patented.

Comment: We would like to emphasize that comparing the number of patents is a wrong approach, as one patent might carry the majority of the company's total IP value, while others might be without practical use in the industry and as a consequence worthless from the market perspective. For valuation more important is the number of commercialized patent families.

There are transactions in the OLED market between companies concerning solely IP. Noctiluca has a significantly lower number of patents than its competitors. NCL's management explained us that it is not a priority for them, but after observing the OLED transaction market we have concluded that patents are what carries value and therefore are important for valuing developers of OLED emitters. The effective value of a patent and the potential it provides for entering a joint development project is determined by the industry player. NCL's IP strategy is to carry out as many joint projects as possible with commercial partners in order to obtain joint IP, rather than filing a large number of patents. Because of this approach, NCL delays the filling of patents, but is able to save a lot of money and is closer to the final commercialization of its innovations. Moreover, its competitors do not get access to its R&D results too early.

Update: We have maintained our valuation assumption for this factor. Noctiluca continues to expand its IP portfolio, as we had expected.

Factor Valuation

Factor	Weight	% of Kyulux
Team	20%	25%
Products	20%	60%
Commercialization	10%	20%
Intellectual property	50%	20%
Weighted Average		29%

Source: East Value Research GmbH

Kyulux is currently valued at c. USD 275m. We have concluded that Noctiluca currently represents about 29% of Kyulux potential, which results in a valuation of USD 79.75m.

Valuation Summary

Type	Value	Weight
Market Leader Valuation	79.75	50%
Funding Valuation	70.00	50%
Fair Value (in USDm)	**74.88**	**100%**
PLN-USD	3.93	
Fair Value (in PLNm)	**294.49**	
No of shares	1.56	
Fair Value per share (in PLN)	**189.08**	

Source: East Value Research GmbH

Based on our methodology, which weighs both methods equally by 50%, we derive a fair equity value for Noctiluca of PLN 294.49m, which implies a FV per share of PLN 189.08.

Profit and loss statement

in PLNm	2020	2021	2022	2023	2024E
Total revenues	**0.67**	**0.56**	**1.03**	**0.75**	**3.23**
CoGS	-2.00	-2.76	-3.53	-4.70	-6.85
Gross profit	**-1.33**	**-2.19**	**-2.50**	**-3.95**	**-3.62**
Other operating income	0.03	0.34	0.41	1.04	0.80
Administrative expenses	-0.03	-0.17	-0.29	-0.84	-1.31
Other operating expenses	0.00	0.00	-0.01	-0.03	-0.03
EBITDA	**-1.33**	**-2.03**	**-2.39**	**-3.77**	**-4.16**
Depreciation & amortization	-0.02	-0.31	-0.42	-1.40	-1.90
EBIT	**-1.35**	**-2.34**	**-2.81**	**-5.17**	**-6.06**
Net financial results	-0.05	-0.03	-0.04	0.05	-0.17
EBT	**-1.40**	**-2.37**	**-2.85**	**-5.12**	**-6.23**
Income taxes	0.00	0.00	0.00	0.00	0.00
Minority interests	0.00	0.00	0.00	0.00	0.00
Net income / loss	**-1.40**	**-2.37**	**-2.85**	**-5.12**	**-6.23**
EPS	-1.07	-1.61	-1.93	-3.28	-4.00
DPS	0.00	0.00	0.00	0.00	0.00
Share in total sales					
Total revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
CoGS	-296.74 %	-489.19 %	-341.73 %	-623.31 %	-212.00 %
Gross profit	-196.74 %	-389.19 %	-241.73 %	-523.31 %	-112.00 %
Other operating income	3.86 %	60.40 %	39.61 %	137.91 %	24.80 %
Administrative expenses	-3.77 %	-30.39 %	-28.17 %	-111.08 %	-40.49 %
Other operating expenses	-0.07 %	-0.12 %	-1.15 %	-3.33 %	-0.99 %
EBITDA	-196.72 %	-359.30 %	-231.43 %	-499.81 %	-128.68 %
Depreciation & amortization	-3.66 %	-55.51 %	-40.71 %	-185.67 %	-58.95 %
EBIT	-200.39 %	-414.81 %	-272.14 %	-685.48 %	-187.63 %
Net financial results	-6.69 %	-5.57 %	-4.12 %	6.98 %	-5.11 %
EBT	-207.07 %	-420.38 %	-276.26 %	-678.50 %	-192.74 %
Income taxes	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Minority interests	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	-207.07 %	-420.38 %	-276.26 %	-678.50 %	-192.74 %

Balance sheet

in PLNm	2020	2021	2022	2023	2024E
Cash and cash equivalents	3.34	4.08	0.91	2.03	6.80
Other financial assets	0.00	0.00	0.00	0.00	0.00
Inventories	0.05	0.00	0.00	0.00	0.10
Trade accounts and notes receivables	0.84	0.10	0.16	0.78	0.86
Purchased receivables at amortised costs	0.00	0.00	0.00	0.00	0.00
Other current assets	0.02	0.58	1.42	0.02	0.00
Assets-held-for-sales	0.00	0.00	0.00	0.00	0.00
Current assets	**4.25**	**4.76**	**2.49**	**2.84**	**7.76**
Property, plant and equipment	0.00	0.87	0.71	0.90	1.10
Other intangible assets	0.96	0.79	0.59	0.85	1.02
Goodwill	0.00	0.00	0.00	0.00	0.00
Investments at-equity	0.00	0.00	0.00	0.00	0.00
Other investments	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	0.00	0.00	0.00	0.00	0.00
Non-current assets	**0.96**	**1.66**	**1.30**	**1.75**	**2.11**
Total assets	**5.22**	**6.42**	**3.79**	**4.59**	**9.88**
Trade payables	0.99	0.15	0.19	0.25	0.55
Short-term financial debt	0.80	0.01	0.00	0.00	0.00
Other liabilities	0.14	0.29	0.34	0.70	0.91
Provisions	0.00	0.00	0.00	0.00	0.00
Current liabilities	**1.93**	**0.45**	**0.53**	**0.95**	**1.46**
Long-term financial debt	0.00	0.00	0.00	0.00	3.43
Other long-term liabilities	0.54	1.13	1.28	0.33	0.40
Provisions	0.00	0.00	0.00	0.00	0.00
Deferred tax liabilities	0.00	0.00	0.00	0.00	0.00
Long-term liabilities	**0.54**	**1.13**	**1.28**	**0.33**	**3.83**
Total liabilities	**2.47**	**1.59**	**1.81**	**1.28**	**5.28**
Shareholders equity	**2.74**	**4.83**	**1.98**	**3.31**	**4.59**
Minority interests	0.00	0.00	0.00	0.00	0.00
Total liabilities and equity	**5.22**	**6.42**	**3.79**	**4.59**	**9.88**

Cash Flow Statement

in PLNm	2020	2021	2022	2023	2024E
Net income / loss	-1.40	-2.37	-2.85	-5.12	-6.23
Depreciation & amortization	0.02	0.31	0.42	1.40	1.90
Change of working capital	0.00	-0.81	-0.67	-1.17	0.49
Others	0.04	-0.03	0.04	-0.05	0.00
Net operating cash flow	**-1.33**	**-2.89**	**-3.06**	**-4.94**	**-3.83**
Cash flow from investing	**-0.01**	**-0.08**	**-0.05**	**-0.35**	**-2.23**
Free cash flow	-1.33	-2.97	-3.12	-5.28	-6.06
Cash flow from financing	**4.46**	**3.70**	**-0.05**	**6.42**	**10.83**
Change of cash	3.13	0.73	-3.16	1.12	4.77
Cash at the beginning of the period	0.22	3.34	4.08	0.91	2.03
Cash at the end of the period	3.34	4.08	0.91	2.03	6.80

Financial ratios

Fiscal year	2020	2021	2022	2023	2024E
Profitability and balance sheet quality					
Gross margin	-196.74%	-389.19%	-241.73%	-523.31%	-112.00%
EBITDA margin	-196.72%	-359.30%	-231.43%	-499.81%	-128.68%
EBIT margin	-200.39%	-414.81%	-272.14%	-685.48%	-187.63%
Net margin	-207.07%	-420.38%	-276.26%	-678.50%	-192.74%
Return on equity (ROE)	-50.89%	-49.09%	-144.07%	-154.78%	-135.54%
Return on assets (ROA)	-26.78%	-36.96%	-75.33%	-111.48%	-63.02%
Return on capital employed (ROCE)	-39.48%	-37.58%	-79.52%	-121.54%	-66.18%
Economic Value Added (in PLNm)	-1.75	-3.07	-3.22	-5.66	-7.13
Net debt (in PLNm)	-2.55	-4.06	-0.91	-2.03	-3.37
Net gearing	-92.85%	-84.05%	-45.89%	-61.52%	-73.44%
Equity ratio	52.62%	75.30%	52.29%	72.02%	46.50%
Current ratio	2.37	25.22	9.85	8.43	10.77
Quick ratio	2.33	22.15	4.24	8.36	10.64
Net interest cover	-29.97	-74.57	-66.12	98.26	-36.73
Net debt/EBITDA	1.92	2.00	0.38	0.54	0.81
Tangible BVPS	1.14	2.60	0.90	1.58	4.50
Capex/Sales	0.95%	13.30%	19.60%	57.47%	68.95%
Working capital/Sales	364.52%	810.47%	216.83%	331.68%	218.04%
Cash Conversion Cycle (in days)	135	38	30	352	64
Trading multiples					
EV/Sales	n.a	n.a	129.80	177.84	41.52
EV/EBITDA	n.a	n.a	-56.09	-35.58	-32.26
EV/EBIT	n.a	n.a	-47.70	-25.94	-22.13
P/Tangible BVPS	n.a	n.a	95.5x	54.2x	19.0x
P/E	n.a	n.a	-44.2x	-26.0x	-21.4x
P/FCF	n.a	n.a	-42.7x	-25.2x	-22.0x

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