

# Nocopi Technologies, Inc.

OTC Pink: NNUP

## Reactive Ink Technologies for Security & Consumer Product Applications





## Safe Harbor for Forward-Looking Statements

This release may contain projections and other "forward-looking statements" relating to Nocopi's business, that are often identified by the use of "believes," "expects" or similar expressions. Forward-looking statements involve a number of estimates, assumptions, risks and uncertainties that may cause actual results to differ materially from those anticipated. Forward-looking statements may address uncertainties regarding customer preferences or demand for products incorporating Nocopi technology that underlie the company's revenue expectations, the company's ability to develop new products and new product applications, the financial condition of customers and the timeliness of their payments, the impact of fluctuations in currencies, global trade and shipping markets, etc. Actual results could differ from those projected due to numerous factors and uncertainties, and Nocopi can give no assurance that such statements will prove to be correct nor that Nocopi's actual results of operations, financial condition and performance will not differ materially from those reflected or implied by its forward-looking statements. Investors should refer to the risk factors outlined in Nocopi's Form 10-K, 10-Q and other SEC reports available at [www.sec.gov/edgar](http://www.sec.gov/edgar). Forward-looking statements are made as of the date of this news release; Nocopi assumes no obligation to update these statements.

[www.nocopi.com](http://www.nocopi.com)

# About Nocopi ([www.nocopi.com](http://www.nocopi.com))



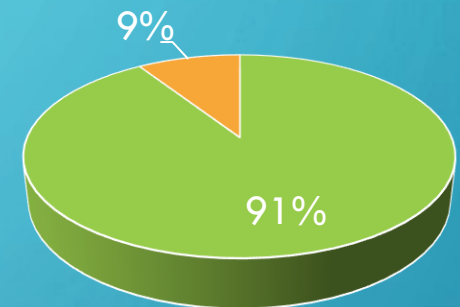
Nocopi develops specialty reactive inks that are invisible when printed but transform into vibrant colors when scratched or written on with proprietary developing agents. Nocopi's unique technology has been proven commercially valuable for a growing base of consumer products and in security applications for global brands across automotive, cosmetics, pharmaceuticals, fragrances, and other sectors.

**Consumer Products:** Nocopi inks and clear developing agents enable a variety of mess-free activity books, coloring books and other printed items for entertainment and educational applications, targeted principally at kids.

- *Popular Topics, High Profile Brands*
- *Mess Free & Creative*
- *Parent friendly "no TV or computer screens"*
- *Value price, broadly available*

**Security:** Nocopi technology has also been proven highly effective in combatting document and receipt fraud; product counterfeiting and/or the diversion of products into unauthorized markets. Nocopi's inks and technologies are protected by multiple patents and trade secrets.

2020 YTD Revenue Sources



- Consumer Products
- Security Applications

# Nocopi at a Glance



Recent Price	\$0.16	Cash*	\$1.4M
52wk Range:	\$0.04 - \$0.25	Working Capital*	\$2.5M
Shares O/S **:	67.4M	Book Value*	\$3.3M
Market Cap:	\$11.5M	Enterprise Value:	\$10.1M

\*\* At November 9, 2020

\* At September 30, 2020

## Q3 '20

<i>Revenue:</i>	\$755k
<i>Rev Growth</i>	18%
<i>Net Income:</i>	\$163k
LTM P/E:	17x



# Consumer Products



Nocopi licenses its ink technology to produce a range of activity books for sale worldwide. The products feature a mix of branded and non/branded content, including many of the highest profile entertainment brands.

Nocopi-powered products are available in over 80,000 retail outlets across North America and online:

- Walmart, Target, Amazon, etc.
- News stands
- Drug, convenience & specialty stores
- Airport, train, bus stations, rest stops & newsstands



"imagine ink"



"INKcredibles"

# Security Applications



Nocopi licenses its ink technology to combat fraud, counterfeiting & gray market product diversion for global customers across:

- Automotive parts
- Fragrances / cosmetics
- Luxury / designer goods
- Cash register receipts
- Pharmaceuticals
- Eye care & accessories
- Music & movie products
- Veterinary medicine
- Document reproduction



“Invisible” Nocopi inks are printed on packaging, labels, forms, etc. and revealed by the customer using a variety of security market methods.

Nocopi Security Inks Ready to Ship

# Security Market Growth Prospects

Nocopi “embedded” with several long-term Fortune 500 customers

- While the sales cycle can be slow, the business is recurring and offers substantial growth potential.

Managing global supply chain security is a growing and increasingly complex opportunity with significant financial consequences.

***Imported fake goods estimated to be \$509B or 3.3% of worldwide trade - 24% of US brands/patents impacted\****

Nocopi continues to develop technology easily & cost effectively incorporated into existing product manufacturing workflow.

Some technologies are trade secrets where we haven't filed patents to document how they are made.

We wish we could say more - but our customers require secrecy.

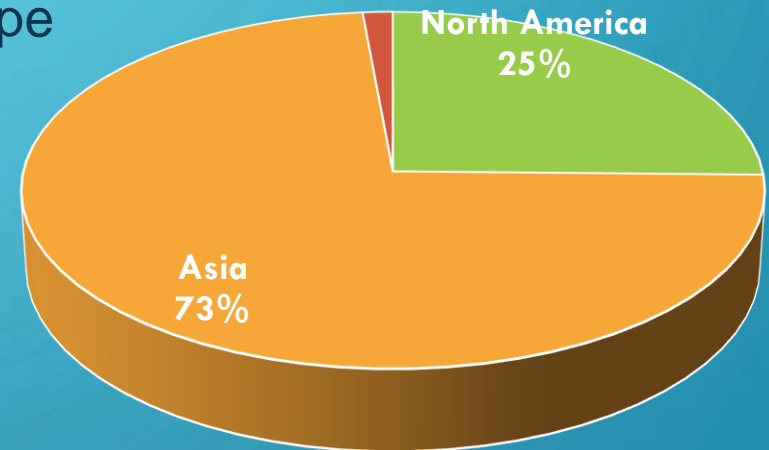
*\*Source Organization for Economic Cooperation & Development (OECD)*

# Growth Opportunities



- New Product Formulations/Applications
  - Consumer
  - Security
- Growing Customer Relationships
  - New products and customers
  - Expanded distribution; includes Europe
- Pricing / Margin Opportunities
- Potential Vertical Integration
- Ongoing Cost Management

Revenue by Territory – H1 2020





# Revenue & Cash Flow Growth



		<b>Financial Highlights</b>			
	Q3'20	Q2'20	Q1'20	Q4'19	Q3'19
<b>Revenue</b>	\$754,800	\$627,300	\$520,300	\$974,400	\$637,500
<b>Net Income</b>	\$163,100	\$70,800	\$52,600	\$311,200	\$206,800
<b>Weighted Ave. Shares</b>	67M	61M	61M	60M	60M
<b>Cash</b>	\$1,428,000	\$1,052,000	\$1,205,00	\$688,000	\$798,000
<b>Total Current Assets</b>	\$2,759,700	\$2,566,000	\$2,379,000	\$2,303,200	\$1,874,600
<b>Working Capital</b>	\$2,469,900	\$2,065,000	\$1,926,000	\$1,835,300	\$1,454,600
<b>Book Value</b>	\$3,231,200	\$2,913,000	\$2,842,000	\$2,789,700	\$2,450,500
<b>Book Value Per Share</b>	\$0.048	\$0.047	\$0.046	\$0.046	\$0.041

# Capital Allocation Priorities



## Reinvest Cash Flow to Enhance Shareholder Value:

- *New Product Development*
- *Sales, Marketing & Brand Awareness*
- *Opportunistic Share Repurchases*
- *Possible Joint Product Development JVs*
- *M&A focused on complementary businesses*
- *Dividends / Return of Capital*

**Open to Strategic Alternatives to Accelerate Value Creation.**

# Investment Merits

- Proprietary tech enables high margin revenue + royalties
- Scalable “asset light” business with limited operational needs
- Proven team with financial & operating discipline
- Substantial growth potential via expanded global distribution and new technologies, applications and customers
- Zero debt & positive cash flow
- NOLs to shelter ~\$1.6M of future income from taxes
- Executing IR plan to “get on the radar” & build liquidity

# Industry Valuations — *figures in \$M*

Name	Ticker	Mkt Cap	EV	TTM	
				Revenue	P/E
Newell	NWL	8,370	14,020	9,320	12
ACCO	ACCO	634	1,560	1,730	9
Scholastic	SCHL	740	705	1,470	n/a
Ingevity	NGVT	2,780	3,940	1,190	16
Avient	AVNT	3,160	4,550	2,900	30
Digimarc	DMRC	517	462	23	17 *
Intellicheck	IDN	171	159	10	15*
<b>Nocopi</b>	<b>NNUP</b>	<b>11.5</b>	<b>10</b>	<b>2.9</b>	<b>17</b>

\* Indicates Price / Sales

INDUSTRY color key
Consumer
Publishing
Specialty Chemicals
Security / Authentication



# Share Ownership



<b>Executives/Directors</b>	<b>Shares</b>	<b>Percentage</b>
Michael Feinstein, MD - CEO	3,752,083	6.2%
Herman Gerwitz - Director	918,196	1.5%
Philip White – Director	311,245	0.5%
Marc Rash - Director	208,333	0.3%
Terry W. Stovold - COO	12,000	-
<b>Total</b>	<b>5,201,857</b>	<b>8.6%</b>

## 5% Stockholders

SRK Fund I, LP Group **	13,228,079	21.9%
Philip Hudson **	5,637,918	9.3%
Ross Campbell **	3,264,457	5.4%
Westvaco Brand Security	3,917,030	6.5%

- Sub of WestRock (NYSE: WRK)

\*\* members of a 13D/A filing schedule

# Operating Results



	Three Months ended September 30,		Nine Months ended September 30,	
	2020	2019	2020	2019
<b>Revenues</b>				
Licenses, royalties and fees	\$ 153,300	\$ 189,400	\$ 425,000	\$ 571,900
Product and other sales	601,500	448,100	1,477,400	991,100
	<u>754,800</u>	<u>637,500</u>	<u>1,902,400</u>	<u>1,563,000</u>
<b>Cost of revenues</b>				
Licenses, royalties and fees	61,900	41,400	170,200	98,200
Product and other sales	267,400	166,600	716,200	380,300
	<u>329,300</u>	<u>208,000</u>	<u>886,400</u>	<u>478,500</u>
Gross profit	<u>425,500</u>	<u>429,500</u>	<u>1,016,000</u>	<u>1,084,500</u>
<b>Operating expenses</b>				
Research and development	40,700	45,200	123,700	122,600
Sales and marketing	90,900	81,000	260,900	224,200
General and administrative	123,800	84,200	383,500	265,200
	<u>255,400</u>	<u>210,400</u>	<u>768,100</u>	<u>612,000</u>
Net income from operations	<u>170,100</u>	<u>219,100</u>	<u>247,900</u>	<u>472,500</u>
<b>Other income (expenses)</b>				
Interest income	4,200	4,600	12,300	7,200
Interest expense and bank charges	(1,300)	(2,600)	(5,900)	(8,000)
	<u>2,900</u>	<u>2,000</u>	<u>6,400</u>	<u>(800)</u>
<b>Net income before income taxes</b>	<u>173,000</u>	<u>221,100</u>	<u>254,300</u>	<u>471,700</u>
Income taxes	9,900	14,300	(32,200)	30,600
<b>Net income</b>	<u>\$ 163,100</u>	<u>\$ 206,800</u>	<u>\$ 286,500</u>	<u>\$ 441,100</u>
Basic and diluted net income per common share	\$ .00	\$ .00	\$ .00	\$ .01
<b>Weighted average common shares outstanding</b>				
Basic	66,768,023	59,614,698	62,952,473	58,949,377
Diluted	66,893,250	59,990,371	63,069,652	59,322,141

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