

PHOTOCAT



INTERIM REPORT Q2.2016

SUMMARY OF INTERIM REPORT APRIL 1ST 2016 – JUNE 30TH 2016
PHOTOCAT A/S PCAT CORP.ID NO. 32357903

SUMMARY

SIGNIFICANT EVENTS

DURING THE PERIOD

- **Significant growth compared to last year for NOxOFF, Photocat Garden and ACTiFLOOR.**
 - NOxOFF up more than 2.000 %.
 - Photocat Garden up more than 340 %.
 - ACTiFLOOR up more than 80 %.

- **The NOxOFF brand secured its first major prestigious project. The well-known Tobacco city in Soeborg close to Copenhagen.**
 - The applied area will be approximately 10.000 sqm.
 - Delivery is expected 3rd quarter 2016.

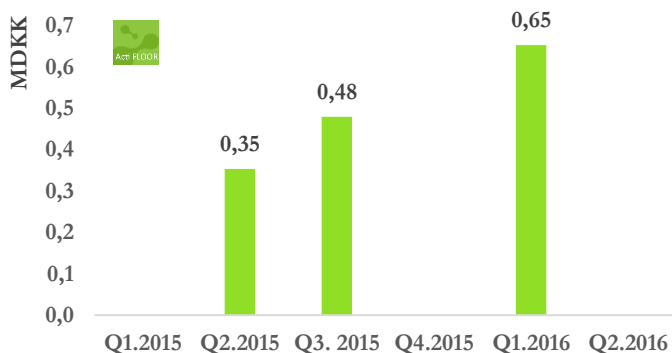
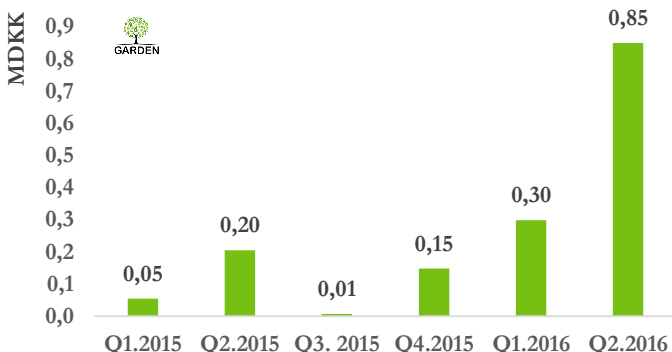
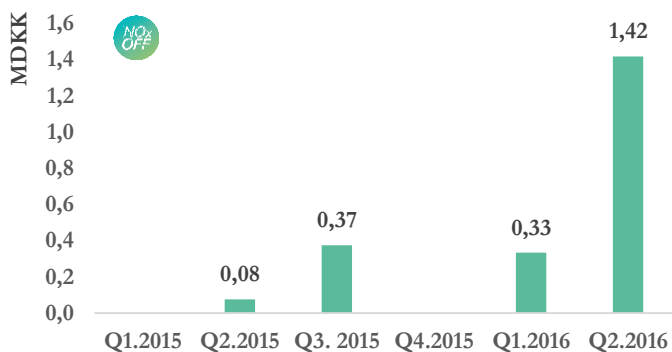
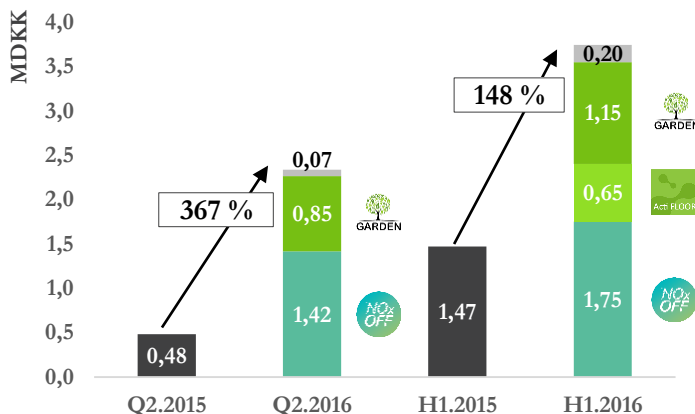
- **Photocat granted a leading European roofing manufacturer exclusive rights to its latest slate treatment technology.**
 - The exclusivity is for a specific application approach.

- **Photocat and ASAK Miljostein enters into partnership to offer NOx reducing concrete stones in Norway.**

- **Photocat's distribution partner for Photocat Garden initiated marketing activities for its private label product in Bauhaus.**

AFTER THE PERIOD

- Installed three applications units at client sites.
- Secured first project in Germany.



MESSAGE FROM THE CEO

The results for the second quarter show that we are moving towards commercialization for photocatalytic building materials. The high growth across all our product groups leave us energized for the period to come and optimistic that our technology has the right to succeed and will contribute substantially to the clean air problem so many cities hold.

NOxOFF

We have successfully implemented production solutions at two major bitumen factories in Germany and continue to see a strong interest from leading bitumen membrane manufacturers who wish to apply our best-in-class technology. The NOxOFF solution continues to show the right signs for a commercial breakthrough and is essential in realizing the growth scenario we see for Photocat with sales in second quarter 2016 up more 1.700% compared to 2015.

The second half of 2016 will see major launch activities from key customers in Germany and Norway. Two lines for producing NOxOFF stones has been installed and are ready to produce at Asak Miljostein. In Germany, bitumen clients have secured their first projects and some NOxOFF products are expected to be offered through one of the nationwide retail chains for building materials this autumn.

Photocat Garden

Photocat Garden continues to grow. Compared to the second quarter 2015 sales have grown by more than 325% and so far this year the sales have grown by more than 177%. The growth comes from an increase in customer base and order size but also from Stonetreatment who distributes the product directly to consumers. With Photocat Garden primarily sold in Denmark we are making it a key priority to scale to neighboring countries and have reached the second stage of our market entry investigation in Germany, Spain and Sweden.

ACTiFLOOR

In the market, sales of ACTiFLOOR continue to develop strongly in several states in the U.S. further are pending launch activities in the far east. There were no sales from us to ACTiFLOOR customers in the second quarter due to periodization. For the first half of the year sales are up 84%. We continue to expect strong growth going forward.

Directed emission

In the second quarter of 2016 we increased the share capital through a directed emission. The capital will enable Photocat to continue its commercialization. Photocat may investigate further capital raising in order to further strengthen the company's ability to grow and exploit traction in its core market segments.

Going forward we continue our focus on building a strong sales organization that is both capable of getting manufacturers to offer photocatalytic products as well as able to assist them in creating the right traction for this new type of product



Michael Humle, CEO

FINANCIAL SUMMARY OF THE SECOND QUARTER 2016

- The second quarter was the most intensive ever at Photocat in terms of application systems to be delivered and photocatalyst production volumes. The sales in the first six months have exceeded that of the full year 2015.
- NOxOFF is on the way to be established as the number one brand in NOx reducing materials. It is now used commercially by Quandt Dachbahnen, Binné Dachbahnen, Gammelrand Concrete, IBF and ASAK miljostein.
- Photocat has had the most production activity in any quarter.
- Photocat has invested in growing the direct sales effort by increasing its sales force and by initiating activities directed towards government related bodies.
- The organization has been strengthened towards more focus on sales and investor relations.

PHOTOCAT A/S

Photocat A/S manufactures patented coating materials for both outdoor and indoor applications with the effect to degrade NOx and VOC's when exposed to light. Both NOx and VOC's are severely damaging to human health. Photocat's patented technology is a very efficient and economically viable alternative to many of the traditional technologies targeting NOx.

Photocat's shares was listed in Nasdaq First North in Stockholm November 20, 2015, with the ticker symbol PCAT.

The company's Certified Advisor is Redeye AB.

FINANCIAL CALENDAR

- Third quarter report 2016
- Fourth quarter report 2016

Date range

01.07.2016 – 30.09.2016
01.10.2016 – 31.12.2016

Released on

04.11.2016
17.02.2017

INCOME STATEMENT

In DKK	Notes	Q2 2016	H1 2016	Q2 2015	H1 2015
Revenue		2.337.575	3.747.491	481.373	1.473.057
Other operating income	1	113.604	227.208	-	-
Expenses for raw materials and consumables		- 655.877	- 1.057.039	- 199.581	- 359.328
Other external expenses	2	- 1.448.001	- 2.746.968	- 892.372	- 1.338.688
Gross profit		347.300	170.692	- 610.579	- 224.959
Staff expenses	4	- 1.063.928	- 1.989.302	- 748.108	- 1.457.241
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		- 609.279	- 1.218.558	- 463.986	- 927.276
Profit/loss before financial income and expenses		- 1.325.906	- 3.037.168	- 1.822.673	- 2.609.476
Financial expenses		- 56.632	- 101.201	- 58.614	- 134.246
Profit/loss before tax		- 1.382.538	- 3.138.369	- 1.881.287	- 2.743.723
Tax		44.513	110.216	-	-
Net profit/loss		- 1.338.025	- 3.028.153	- 1.881.287	- 2.743.723

BALANCE SHEET 30TH OF JUNE

ASSETS

In DKK	Notes	H1 2016	H1 2015
Completed development projects		7.493.355	9.508.714
Acquired patents		383.354	589.785
Development projects in progress	3	2.209.462	342.134
Intangible Assets		10.086.171	10.440.633
Plant and machinery		2.539.641	2.723.814
Property, plant and equipment		2.539.641	2.723.814
Other investments		1	1
Deposits		290.302	290.302
Fixed asset investments		290.303	290.303
Fixed assets		12.916.115	13.454.750
Inventories		926.252	1.033.978
Trade receivables		2.303.659	1.088.629
Receivables from group enterprises		39.750	31.625
Other receivables		259.568	290.303
Deferred tax assets		82.877	1.474
Corporation tax		474.117	509.081
Prepayments		219.096	151.423
Receivables		3.379.068	2.072.535
Cash at bank and in hand		6.278.405	9.435
Current assets		10.583.725	3.115.948
Assets		23.499.840	16.570.698

BALANCE SHEET 30TH OF JUNE

LIABILITIES & EQUITY

In DKK	Notes	H1 2016	H1 2015
Share capital	5	2.356.300	1.167.537
Retained earnings		13.606.994	2.188.322
Equity		15.963.294	3.355.859
Subordinate loan capital		-	500.002
Credit institutions		1.930.537	2.463.114
Trade payables		-	231.496
Payables to shareholders and managements		18.367	2.801.070
Deferred income		2.234.198	2.915.819
Long-term debt		4.183.102	8.911.501
Credit institutions		-	994.674
Trade payables		2.469.088	2.499.509
Other payables		429.943	354.742
Deferred income		454.413	454.413
Short-term debt		3.353.443	4.303.338
Debt		7.536.545	13.214.839
Liabilities & Equity		23.499.840	16.570.698

CASH FLOW STATEMENT 1ST OF APRIL - 30TH OF JUNE

In DKK	Notes	H1 2016	H1 2015
Net profit/loss		- 3.028.153	- 2.743.723
Adjustments		982.335	1.061.523
Change in working capital		- 736.052	-
Cash flow from operating activities before financial income and expenses		- 2.781.870	- 1.682.200
Financial expenses		- 101.201	- 134.246
Cash flow from ordinary activities		- 2.883.071	- 1.816.446
Corporation tax paid		-	-
Cash flow from operating activities		- 2.883.071	- 1.816.446
Purchase of property, plant and equipment		- 500.985	-
Other adjustments		-	-
Cash flow from investing activities		- 500.985	-
Increase in loans from credit institutions		- 6.565	2.650.925
Repayment of payables to group enterprises		781	- 136.988
Change in payables, stock and suppliers		-	- 705.769
Capital increase		6.533.567	-
Cash flow from financing activities		6.527.783	1.808.168
Change in cash and cash equivalents		3.143.727	- 8.278
Cash and cash equivalents as of 1st of January		3.134.677	17.713
Cash and cash equivalents as of 30th of June		6.278.405	9.435

Cash and cash equivalents are specified as follows:

Cash at bank and in hand	6.278.404	9.435
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NOTES

Note 1 – Other operating income

Other operating income comprises of grants received in respect of capitalized development projects and is recognized over the expected useful life of the asset.

Note 2 – Other external expenses

In DKK	Q2 2016	Q2 2015
Marketing costs	312.742	147.578
Premises	263.496	238.963
Other costs	871.764	505.871
Total other external expenses	1.448.001	892.372

Other costs Q2 2016 include, among others, costs related to the listing on NASDAQ First North Stockholm.

Note 3 – Development projects in progress

Development projects in progress comprise capitalized development costs regarding development of the technology in the areas of concrete and bitumen.

Note 4 – Number of employees

In the last 12 months Photocat has hired two more employees to strengthen its sales team and its investor relations effort.

Note 5 – Outstanding Shares

The Company's share capital is DKK 2,356,300 divided into shares of DKK 1.

RISKS

Photocat's operations are associated with risks related to inter alia product development, commercialization, financing, intellectual property, collaborations with partners, authority decisions, agreements and key personnel.

For a description of the Company's risks, please see the Annual Report for the fiscal year 2015. No significant changes in the Company's risk assessment have occurred since the Annual Report was issued.

STATEMENT

The Board of Directors and the CEO certify that the interim report gives a fair overview of the business, position and profit or loss of the Company and describes the principal risks and uncertainties that face the Company.

This report has not been reviewed by the Company's auditors.

Roskilde, [08, 17, 2016]

Mette Therkildsen, Chairman of the Board

Thomas Becker, Board member

Henrik Jensen, Board member

Tom Weidner, Board member

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