

PHOTOCAT



INTERIM REPORT Q4.2016 / FULL YEAR

PHOTOCAT A/S PCAT CORP. ID NO. 32357903

MESSAGE FROM THE CEO

The fourth quarter ended with a revenue of 2,292 TDKK which mainly came from new customers in primarily Spain and sales of NOxOFF catalyst to the German bitumen customers. We are satisfied with the development in sales in fourth quarter as this is up 404 percent from last year. In general it is challenging to sell products and solutions to providers of building materials because building activity is lower in the winter months and most European plants are closed for maintenance.

The year 2016 ended with revenue of 7,245 TDKK corresponding to a 155 percent growth. Sales growth of our NOxOFF products indicate that we are on the right track for commercial success. Photocat Garden also experienced growth and we are excited about the fact that this product in 2017 will be available in five countries compared to one in 2016. We are pleased with the result and believe that we are still in the beginning of our growth journey with our unique and strong product portfolio.

The Photocat Team has in 2016 been strengthened with a focus on growth and market creation. We are naturally well aware that Photocats solutions are novel and that we need to grow not only customers sales but also market demand. Our Public Affairs Team have organized market development activities together with our customers as well as independently and meeting important market participants and decisions makers. We have been able to bring focus to our technology but we are only at the beginning.

Following the launch of NOxOFF on the German market we have seen an increase in projects where the NOxOFF technology has been specified in the call for tender offers to the supplier of bitumen membranes. This gives reason to believe that NOxOFF will have a positive start in 2017 in Germany. We made the largest shipment ever in the fourth quarter to one of our German customers, which confirms that our production Team is ready for the challenge of a growing demand.

Photocat enters 2017 with a stronger order book than when entering 2016. The order portfolio is spread across NOxOFF bitumen membranes and concrete, Photocat Garden and actiFLOOR.

Distribution agreements for Photocat Garden has been established in Denmark, Germany, Norway and Sweden for the 2017 season.

In the first quarter 2017 Photocat shall install two NOxOFF technology application systems for concrete pavement production facilities at our first two Spanish customers. NOxOFF for concrete will then be available on the Danish, Norwegian and Spanish markets.

In the first quarter of 2017 Photocat also entered into a Strategic Alliance with Troldekt A/S to develop photocatalytic indoor ceilings. With this partnership we look to expand the indoor air cleaning technology we have today.



Michael Humle, CEO

SUMMARY

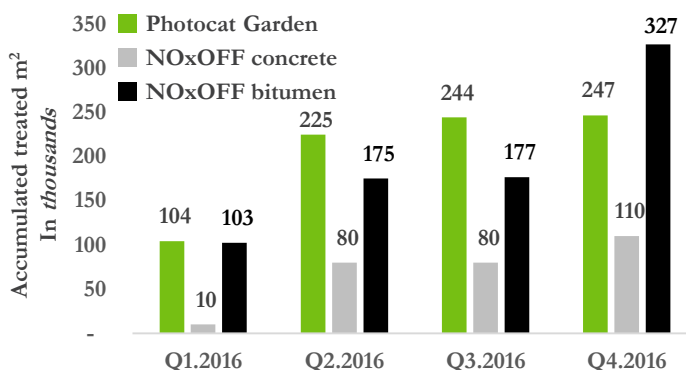
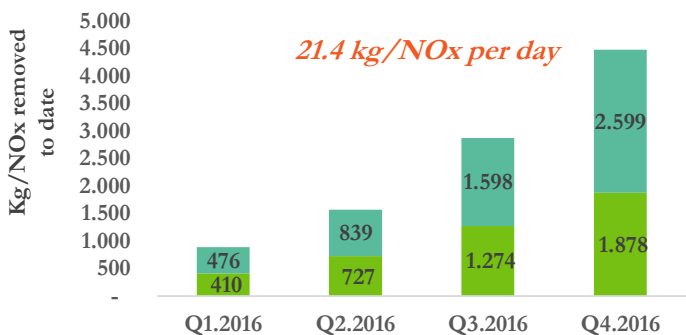
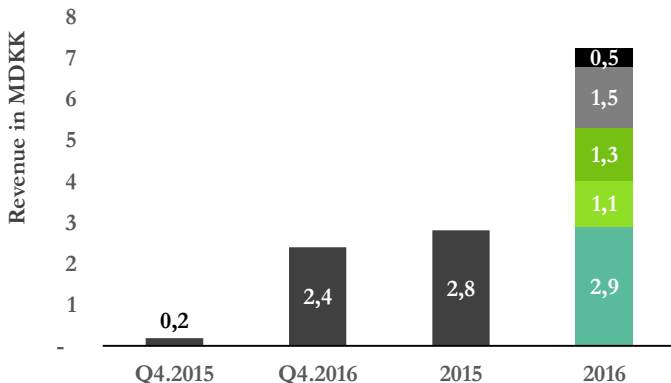
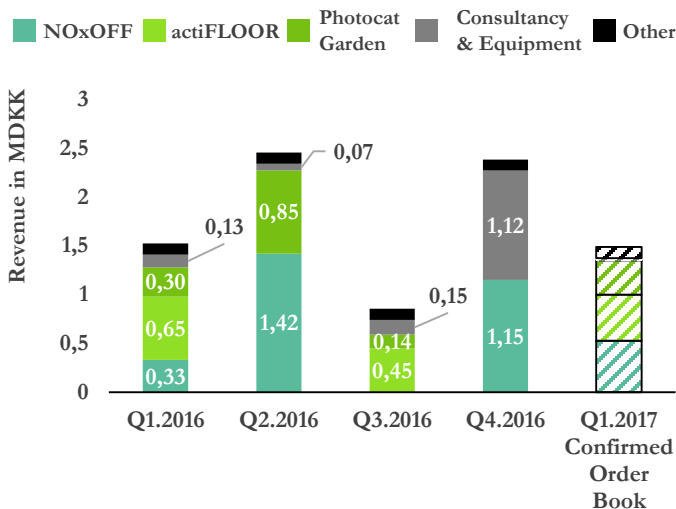
SIGNIFICANT EVENTS

DURING Q4.2016

- Photocat delivered 15 tonnes of NOxOFF to Germany.
- The Berlin based bitumen membrane manufacturer Quandt Dachbanen held the symposium “Building with Conscience”. The event celebrated Quandt’s contribution to the air quality in Berlin.
- Photocat and Quandt extended the existing agreement regarding NOxOFF increasing revenue expectations for 2017.
- Photocat assigned Quandt as distributor of Photocat Garden for the German and Austrian market.
- Photocat assigned PICA AB as a distributor of Photocat Garden for the Swedish market.
- Photocat entered into partnership with Prefabricados Roda S.L. to offer NOxOFF™ concrete tiles.
- Photocat entered into partnership with Prefabricados Adybor to offer NOxOFF™ concrete tiles.
- ASAK Miljøstein A/S launched its collaboration with Bellona to reduce NOx levels in Norwegian cities.
- Nethé Rosa Hjørland elected as new boardmember at the extraordinary general assembly.

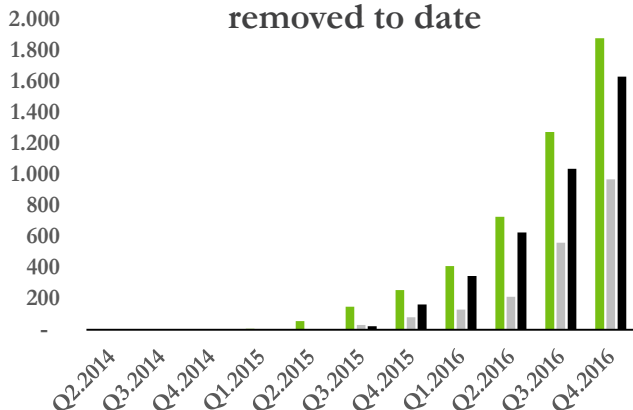
AFTER Q4.2016

- Photocat enters into partnership with Troldekt A/S to develop a new line of photocatalytic acoustic ceilings.
- Photocat completed a private placement of MSEK 11.8 in equity to Danish institutional investor.
- Photocat established a warrants program for management and key employees.

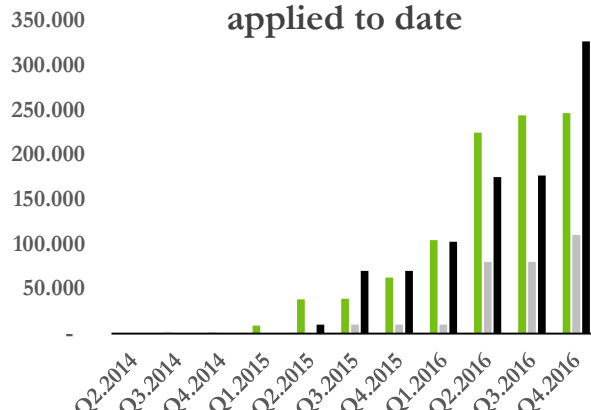


Photocat's Environmental Impact

Accumulated total kg/NOx removed to date

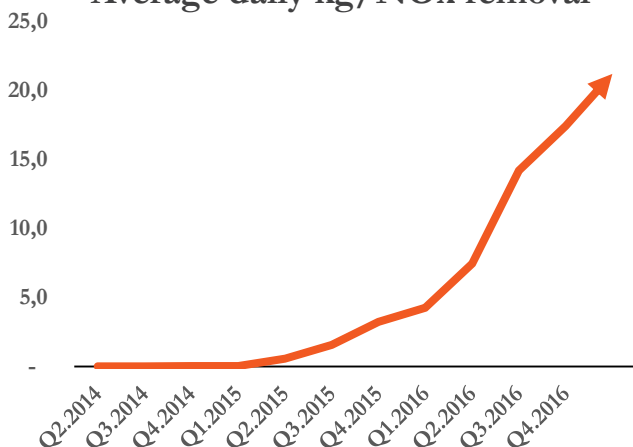


Accumulated total m² applied to date



■ Photocat Garden ■ NOxOFF concrete ■ NOxOFF bitumen

Average daily kg/NOx removal



- As per end Q4.2016 Photocat's technology has effectively removed 4,477 kg/NOx.
- The current average daily kg/NOx removal is estimated at 21.2 kg/NOx.
- The societal health costs in EU per kg/NOx is on average **€10.5 [LINK]**.
- Highly populated and trafficked areas see higher societal cost related to air pollution. For example, the city of London is estimated to have up to **£190 [LINK]** per kg/NOx.



Total NOx removed is equivalent to 74.6 million driven kilometres driven by a euro 6 norm gasoline passenger car (0.06 g/km).

Daily NOx removed is equivalent to 354 thousand driven kilometres driven by a euro 6 norm gasoline passenger car (0.06 g/km).



FINANCIAL SUMMARY FOURTH QUARTER 2016 / 2016

- The fourth quarter ended with a revenue of 2,292 TDKK which mainly came from new customers in primarily Spain and sales of NOxOFF catalyst to the German bitumen customers.
- The year 2016 ended with revenue of 7,245 TDKK.
- Cash at hand was reduced by 2,928 TDKK due to net loss in the fourth quarter and a larger constraint on working capital due to the delivery of two new NOxOFF application systems.

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 Mangold Fondkommission AB.

FINANCIAL CALENDAR

	Date range	Released on
▪ Annual report 2016	01.01.2016 – 31.12.2016	07.04.2017 [NEW DATE]
▪ First quarter report 2017	01.01.2017 - 31.03.2017	27.04.2017 [NEW DATE]
▪ Annual General Meeting		27.04.2017 [NEW DATE]
▪ Second quarter 2017	01.04.2017 – 30.06.2017	18.08.2017
▪ Third quarter 2017	01.07.2017 – 30.09.2017	03.11.2017

INCOME STATEMENT

In DKK, <i>thousands</i>	Notes	Q4 2016	2016	Q4 2015	2015
Revenue		2,292	6,791	193	2,390
Other operating income	1	114	454	454	454
Expenses for raw materials and consumables		-336	-1,895	797	140
Other external expenses	2	-2,057	-6,287	-1,604	-3,558
Gross profit		12	-936	-160	-574
Staff expenses	4	-1,185	-4,511	205	-2,541
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-602	-2,426	-982	-2,373
Profit/loss before financial income and expenses		-1,775	-7,874	-937	-5,488
Financial expenses		-24	-159	-105	-397
Profit/loss before tax		-1,799	-8,033	-1,042	-5,885
Tax		145	255	239	239
Net profit/loss		-1,654	-7,777	-803	-5,646

BALANCE SHEET 31ST OF DECEMBER

ASSETS

In DKK, <i>thousands</i>	Notes	2016	2015
Completed development projects		7,056	8,260
Acquired patents		259	508
Development projects in progress	3	2,461	1,788
Intangible Assets		9,776	10,555
Plant and machinery		2,302	2,789
Property, plant and equipment		2,302	2,789
Other investments		0	0
Deposits		290	290
Fixed asset investments		290	290
Fixed assets		12,368	13,634
Inventories		777	1,704
Trade receivables		3,554	928
Receivables from group enterprises		40	32
Other receivables		229	354
Deferred tax assets		83	241
Corporation tax		255	0
Prepayments		235	94
Receivables		4,397	1,649
Cash at bank and in hand		172	3,135
Current assets		5,346	6,487
Assets		17,714	20,121

BALANCE SHEET 31ST OF DECEMBER

LIABILITIES & EQUITY

In DKK, <i>thousands</i>	Notes	2016	2015
Share capital	5	2.356	1,981
Retained earnings		8.858	11,130
Equity		11,214	13,111
Subordinate loan capital		0	0
Credit institutions		1,402	1,937
Trade payables		0	0
Payables to shareholders and managements		21	26
Deferred income		2,007	2,461
Long-term debt		3,430	4,424
Credit institutions		0	0
Trade payables		2,124	1,542
Other payables		492	589
Deferred income		454	454
Short-term debt		3,071	2,586
Debt		6,500	7,010
Liabilities & Equity		17,714	20,121

CASH FLOW STATEMENT 31ST OF DECEMBER

In DKK, <i>thousands</i>	Notes	2016	2015
Net profit/loss		-7,777	-5,646
Adjustments		1,874	2,077
Change in working capital		-2,103	-2,176
Cash flow from operating activities before financial income and expenses		-8,006	-5,745
Financial expenses		-159	-397
Cash flow from ordinary activities		-8,165	-6,143
Corporation tax paid		364	509
Cash flow from operating activities		-7,802	-5,634
Purchase of property, plant and equipment		-1,161	-1,590
Other adjustments		0	-35
Cash flow from investing activities		-1,161	-1,625
Increase in loans from credit institutions		-535	1,130
Repayment of payables to group enterprises		2	21
Change in payables, stock and suppliers		0	0
Capital increase		6,534	9,224
Cash flow from financing activities		6,000	10,376
Change in cash and cash equivalents		-2,962	3,117
Cash and cash equivalents as of 1st of January		3,135	18
Cash and cash equivalents as of 31st of December		172	3,135
		0	0
Cash and cash equivalents are specified as follows:		172	3,135
Cash at bank and in hand		172	3,135

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

<i>In DKK, thousands</i>	Q4 2016
Marketing costs	621
Premises	304
Other costs	1,132
Total other external expenses	2,057

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

Total number of employees excluding commercial agents is ten. Photocat has contracts with three commercial agents operating in Mexico and Europe.

Note 5 – Share Capital

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