



PHOTOCAT

# CLEANING THE AIR WE BREATHE

BY DEGRADING NO<sub>x</sub> AND VOC's  
IN THE CITIES WE LIVE

INTERIM REPORT H2 2019

PHOTOCAT A/S PCAT CORP, ID NO, 32357903

# H2 2019: SUMMARY

## Main highlights during the last half year of 2019

- Revenue grew 144,6 % in the second half year 2019 compared to the second half year of 2018.
- Revenue grew 39,0 % in the year 2019 compared to the year of 2018.
- We launched NOxOFF in Denmark together with IBF the leading Danish concrete manufacturer.
- Renotech who marketed ShineOn went bankrupt in November 2019.
- The main growth in revenue came from NOxOFF.
- Photocat issued 500.000 shares in a direct issue securing SEK 4,75 million SEK in new equity.

## Main highlights after the last half year of 2019

- We launched our solution for NOx reducing roof with the leading German European manufacturer Bauder at Dach & Holz in Stuttgart.
- First delivery of pavement with NOxOFF to Gentofte municipality, which together with Frederiksberg municipality has made use of Photocat to profile themselves when it comes to environment and climate.
- Photocat has entered into agreements with Mongi Saadi regarding license to promote ShineOn in UAE.
- Photocat has entered into agreement with Jackie Frappart to promote ShineOn and Photocat Garden in Belgium

Amounts in DKK '000s	1 Jul – 31 Dec 2019	1 Jul – 31 Dec 2018	Year-to-date 2019	Year-to-date 2018	Full Year 2018**
Revenue from photocatalytic fluid	2,768.0	1,131.7	6,176.2	4,386,4	4,386,4
Revenue from Consultancy, Equipment & Other	296.7	406.2	1,019.0	791,1	791,1
Gross Profit	-603.6	-971.5	634.74	-370.8	-370.8
EBITDA	-2,332.9	-2,358.3	-2,222.4	-3,141.2	-3,141.2
P/L before Tax	-3,388.2	-3,369.1	-4,291.6	-5,385.8	-5,385.8
Net Profit	-3,069.6	-3,187.8	-3,973.0	-5,119.2	-5,119.2
Total Assets	16,376.6	14,538.9	16,376.6	14,538.9	14,538.9
Equity	13,073.7	7,568.2	13,073.7	7,568.2	7,568.2
Debt	3,302.8	6,970.7	3,302.8	6,970.7	6,970.7
Cash at Hand	3,336.5	37.4	3,336.5	37.4	37.4

\*\* Audited

# CEO LETTER

The second half year of 2019 shows a revenue of 3,1 mDKK which is a growth in revenue and other operating income of 144,6 % compared to the second half of 2018. This means that 2019 ended with a turnover of 7,2 mDKK, highest ever.

In November Photocat completed a Private Placement of SEK 4,75 million to its institutional investors. Its sharecapital is now DKK 5 million and there are 5 million issued shares.

Revenue and other operating income is moving in a positive direction and we see especially the NOxOFF brand growing for both concrete and bitumen. This is in line with a growing public awareness on the need for sustainable thinking. Photocat product offering is at the heart of what is important in sustainability. The development in the market has shown Photocat as market leader in the markets we operate. We recognize at the same time that the Market is developing as more and more companies seeking to have NOx reducing products in their portfolio – in general maturing the market for photocatalytic products. At the recent tradefair Dach & Holz this trend was confirmed by several companies offered and featured their NOx reducing products.

For the NOxOFF brand and technology, we have seen a positive development on the German market. The major milestone was the release of company Strabag, who showed that the asphalt road in Stuttgart am Neckar Tor had improved Airquality significantly by introducing a photocatalytic surface using Photocat technology. The air quality analyzer Am Neckar Tor has been measuring NOx concentrations in several years and demonstrated a need for improvement. It has therefore been possible to see the effect of Diesel verbot, environmental zones and also measure the effect of the Active Asphalt product installed by Strabag. Here Photocat is really satisfied to see that the active products offered really help and that the contribution is significant to the air quality. By this adds value to the citizens of Stuttgart. For the co-operation with Fulda we are close to a major launch in Germany on the concrete market. Outside Germany, we are also pleased that company Asak will offer products with its ClearNOx feature for all public projects from January 2020. This is in Line with IBF in Denmark, who has been offering the air cleaning feature of NOxOFF on all pavement tiles sold on the Danish Market since summer 2019. In addition the Spanish Photocatalytic association held a high profile symposium in Madrid in November 2019. It was the symposium presented that the Spanish government intent to step up its effort for better Air Quality and see photocatalytic products as an important instrument to achieve the goals.

Photocat Garden had a disappointing 2019. We have therefore initiated in the 4th Quarter a new campaign to hit the market in the first quarter 2020. We can already now confirm before the launch of the campaign, that sales will increase in 2020.

With the indoor technology, we continue to focus on growth in in-market sales of Pure Genius. We have initiated activities we hope will increase volume in 2020.

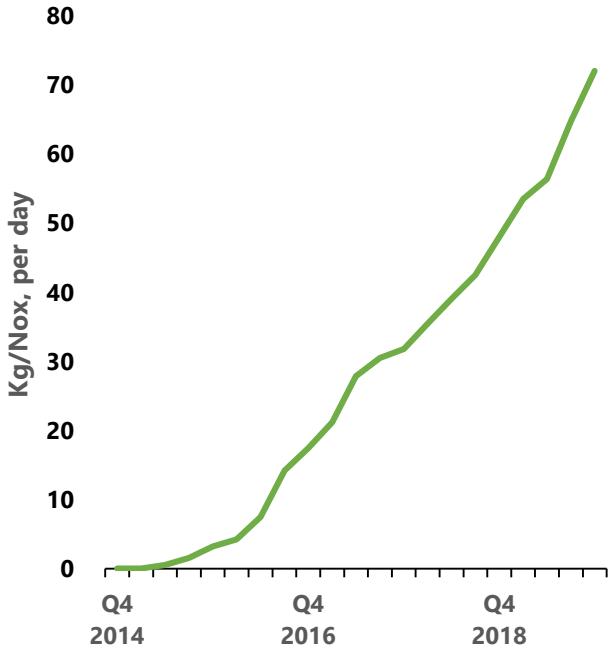
ShineOn went through some turbulence as our distributor Renotech went into bankruptcy in November 2019. We had to secure follow up on leads and expect to establish new distributors and customers in first half of 2020. We also evaluate new segments, with the most promising being solar panels where initial tests indicate an increased performance due to the self cleaning surface of the panels. This will be further documented in tests in first half of 2020.



**Michael Humle**  
CEO

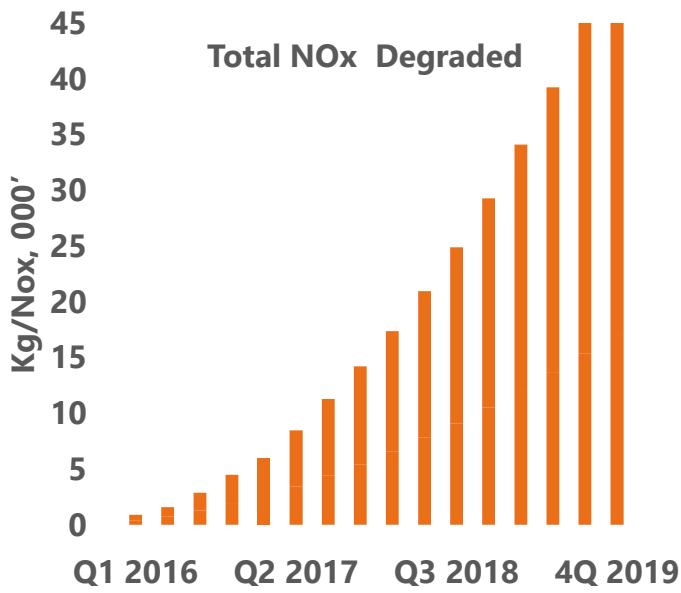
# ENVIRONMENTAL IMPACT

Currently degrading 72.1 Kg/NO<sub>x</sub> per day, equivalent to 438.6 million driven km by a euro 6 car per year

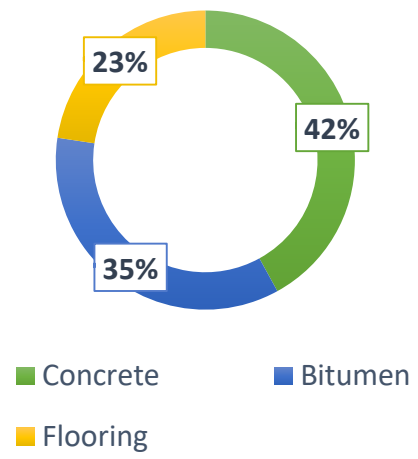


**MORE THAN 3,3 MILLION m<sup>2</sup> WITH PHOTOCATALYTIC SURFACES DELIVERED**

Total NO<sub>x</sub> removed is **51,830 KG/NO<sub>x</sub>** since inception

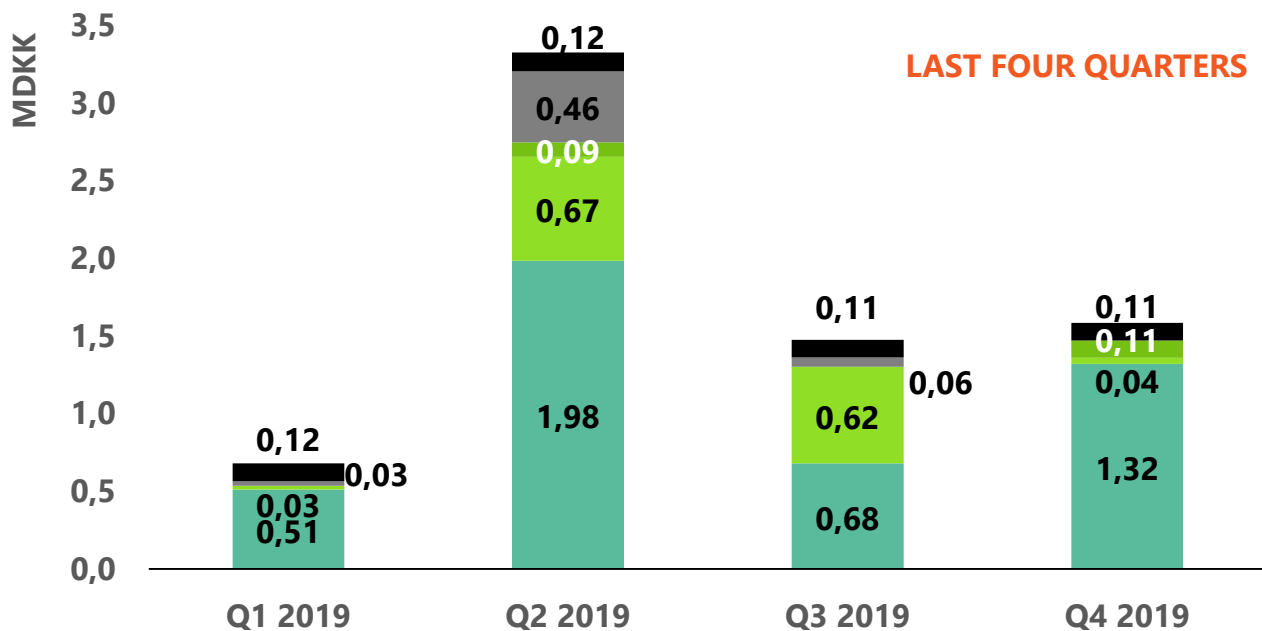


Distribution of Photocatalytic m<sup>2</sup>

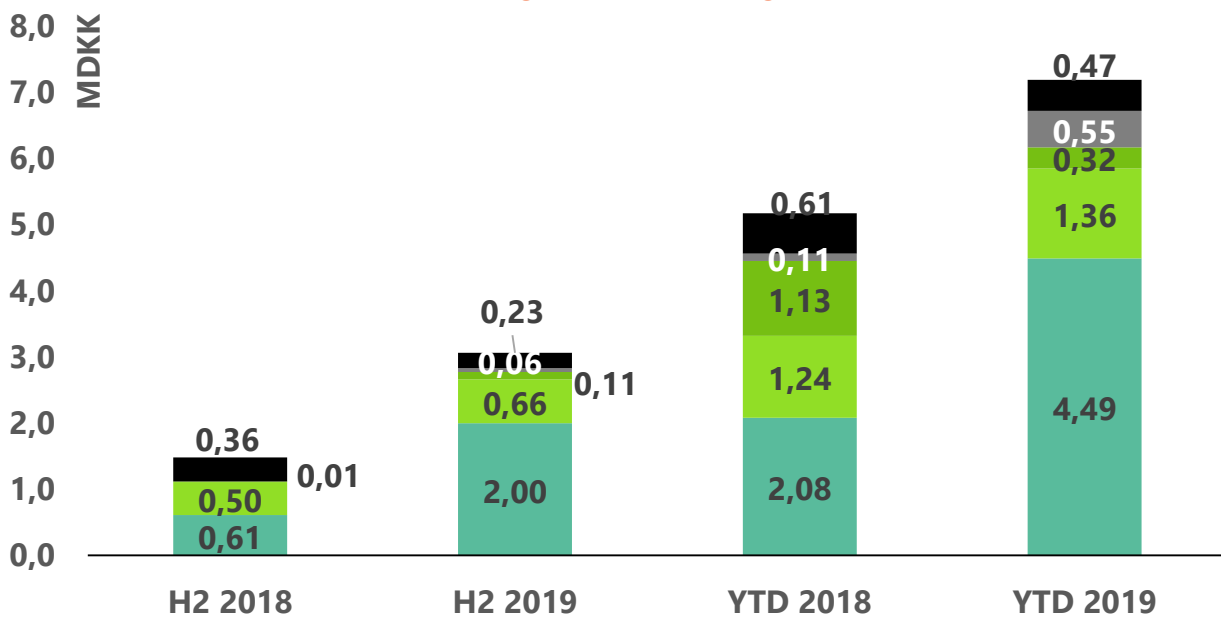


\* Estimated

# REVENUE DEVELOPMENT



## YEAR ON YEAR DEVELOPMENT



# INCOME STATEMENT

Amounts in DKK '000s	N O T E S	H2 2019	H2 2018	YTD 2019	YTD 2018	FY 2018	FY 2017
<b>Revenue</b>		<b>2,831.8</b>	<b>1,123,1</b>	<b>6,735.1</b>	<b>4,587.1</b>	<b>4,587.1</b>	<b>5,616,4</b>
<b>Other operating income</b>	1	<b>232.8</b>	<b>362,9</b>	<b>460.0</b>	<b>590.1</b>	<b>590.1</b>	<b>454,4</b>
Expenses for raw materials and consumables		-1,559.0	-551,0	-2,120.5	-1,315.9	-1,315.9	-1,829,6
Other external expenses	2	-2,109.2	-1,906,5	-4,448.2	-4,439.9	-4,232.1	-4,569,0
<b>Gross profit</b>		<b>-603.6</b>	<b>-971.5</b>	<b>634.7</b>	<b>-370.8</b>	<b>-370.8</b>	<b>-327,8</b>
Staff expenses		-1,729.3	-1,386.8	-2,857.2	-2,770.3	-2,770.3	-4,209,2
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-1,006.7	-975.8	-1,984.9	-2,001.6	-2,001.6	-2,356.9
<b>Profit/loss before financial income and expenses</b>		<b>-3,339.6</b>	<b>-3,334.1</b>	<b>-4,207.3</b>	<b>-5,142,8</b>	<b>-5,142,8</b>	<b>-6,893,9</b>
Financial expenses		-48.6	-35.0	-84.3	-243.0	-243.0	-256,3
<b>Profit/loss before tax</b>		<b>-3,388.2</b>	<b>-3,369.1</b>	<b>-4,291.6</b>	<b>-5,385.8</b>	<b>-5,385.8</b>	<b>-7,150,2</b>
Tax		318.6	181.3	318.6	266.6	266.6	322,6
<b>Net profit/loss</b>		<b>-3,069.6</b>	<b>-3,187.8</b>	<b>-3,973.0</b>	<b>-5,119.2</b>	<b>-5,119.2</b>	<b>-6,827,6</b>
Earnings per share		DKK -0,61	DKK -1,06	DKK -0,79	DKK -1, 57	DKK -1, 57	DKK -2,28

**BALANCE SHEET, assets**

Amounts in DKK '000s	NOTES	H2 2019	H2 2018	FY 2018	FY 2017
Completed development projects		5,996.3	6,749.3	6,749.3	7,795.3
Acquired patents		271.5	291.4	291.4	358.9
Development projects in progress	3	2,807.5	2,173.8	2,173.8	1,466.1
<b>Intangible Assets</b>		<b>9,075.4</b>	<b>9,214.5</b>	<b>9,214.5</b>	<b>9,620.3</b>
Plant and machinery		1,191.9	1,492.8	1,492.8	1,884.5
Other fixtures and fittings, tools & equipment		5.3	11.1	11.1	16.9
<b>Property, plant and equipment</b>		<b>1,197.2</b>	<b>1,503.9</b>	<b>1,503.9</b>	<b>1,901.4</b>
Other investments		0.0	0.0	0.0	0.0
Deposits		290.9	290.3	290.3	290.3
<b>Fixed asset investments</b>		<b>290.9</b>	<b>290.3</b>	<b>290.3</b>	<b>290.3</b>
<b>Fixed assets</b>		<b>10,563.5</b>	<b>11,008.7</b>	<b>11,008.7</b>	<b>11,812.0</b>
<b>Inventories</b>		<b>472.4</b>	<b>910.7</b>	<b>910.7</b>	<b>1,091.0</b>
Trade receivables		1,296.7	1,923.4	1,923.4	1,533.8
Receivables from group enterprises		0	0.0	0.0	0.0
Other receivables		283.2	251.2	251.2	236.9
Deferred tax assets		0	0	0	0
Corporation tax		321.0	266.6	266.6	322.6
Prepayments		103.2	140.9	140.9	173.9
<b>Receivables</b>		<b>2,004.1</b>	<b>2,582.2</b>	<b>2,582.2</b>	<b>2,267.2</b>
<b>Cash at bank and in hand</b>		<b>3,336.5</b>	<b>37.4</b>	<b>37.4</b>	<b>811.1</b>
<b>Current assets</b>		<b>5,813.0</b>	<b>3,530.2</b>	<b>3,530.2</b>	<b>4,169.3</b>
<b>Assets</b>		<b>16,376.6</b>	<b>14,538.9</b>	<b>14,538.9</b>	<b>15,981.3</b>

# BALANCE SHEET, liabilities & equity

Amounts in DKK '000s	NOTES	H2 2019	H2 2018	FY 2018	FY 2017
Share capital	4	5,000.0	3,248.9	3,248.9	3,000,0
Retained earnings		8,073.7	4,319.2	4,319.2	8,320,7
<b>Equity</b>		<b>13,073.7</b>	<b>7,568.2</b>	<b>7,568.2</b>	<b>11,320,7</b>
Other provisions		-	-	-	50,0
<b>Provisions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>50,0</b>
Subordinate loan capital		-	-	-	-
Credit institutions		-	-	-	375,0
Trade payables		-	-	-	-
Payables to shareholders and managements		14.6	2,173.6	2,173.6	10,9
Other payables		124.8			
Deferred income		1,423.8	1,540.3	1,540.3	1,552,6
<b>Long-term debt</b>		<b>1,563.2</b>	<b>3,713.9</b>	<b>3,713.9</b>	<b>1,938,5</b>
Credit institutions			1,145.3	1,145.3	782,4
Trade payables		984.3	1,242.8	1,242.8	719,9
Other payables		301.0	414.3	414.3	715,4
Deferred income	1	454.1	454,4	454,4	454,4
<b>Short-term debt</b>		<b>1,739.7</b>	<b>3,256.8</b>	<b>3,256.8</b>	<b>2,672,1</b>
<b>Debt</b>		<b>3,302.8</b>	<b>6,970.7</b>	<b>6,970.7</b>	<b>4,610,5</b>
<b>Liabilities &amp; Equity</b>		<b>16,376.6</b>	<b>14,538.9</b>	<b>14,538.9</b>	<b>15,981,3</b>



# CASH FLOW STATEMENT

Amounts in DKK '000s	N O T E S	H2 2019	H2 2018	YTD 2019	YTD 2018	FY 2018
Net profit/loss		-3,069.6	-3187.8	-3,973.0	-5,119.2	-5,119.2
Adjustments		509.4	602.3	1,296.1	1,523.6	1,523.6
Change in working capital		4,344.9	1,651.2	1,164.7	423.3	423.3
<b>Cash flow from operating activities before financial income and expenses</b>		<b>1,784.8</b>	<b>-934.3</b>	<b>-1,512.2</b>	<b>-3,172.3</b>	<b>-3,172.3</b>
Financial expenses		-48.6	-143.9	-84.3	-243.0	-243.0
<b>Cash flow from ordinary activities</b>		<b>1,736.2</b>	<b>-1,078.2</b>	<b>-1,596.5</b>	<b>-3,415.3</b>	<b>-3,415.3</b>
Corporation tax paid		264.2	322.6	264.2	322.6	322.6
<b>Cash flow from operating activities</b>		<b>2,000.4</b>	<b>-755.6</b>	<b>-1,332.3</b>	<b>-3,092.8</b>	<b>-3,092.8</b>
Purchase of intangible assets		-550.5	-449.9	-1,459.1	-1,198.2	-1,198.2
Purchase of property, plant and equipment		-80.0	-	-80.0	-	-
Fixed assets investments made		-0.6		-0.6		
Other adjustments			-		-	-
<b>Cash flow from investing activities</b>		<b>-631.0</b>	<b>-449.9</b>	<b>-1,539.7</b>	<b>-1,198.2</b>	<b>-1,198.2</b>
Increase in loans from credit institutions		-300.0	-447.3	-1,145.3		
Loans from owners and management			53.8			
Repayment of other long-term debt		-2,160.9		-2,160.9	-12.1	-12.1
Raising of loans from owners and Management		1.9		1.9	2,162.8	-2,162.8
Capital increase		3,282.5	1,366.6	9,475.5	1,366.6	1,366.6
<b>Cash flow from financing activities</b>		<b>823.5</b>	<b>973.2</b>	<b>6,171.1</b>	<b>3,517.3</b>	<b>3,517.3</b>
Change in cash and cash equivalents		2,192.8	-232.3	3,299.2	-773.8	-773.8
Cash and cash equivalents as of beginning of period		1,143.7	269.7	37.4	811.1	811.1
<b>Cash and cash equivalents as of end of period</b>		<b>3,336.5</b>	<b>37.4</b>	<b>3,336.5</b>	<b>37.4</b>	<b>37.4</b>

# FINANCIAL 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

Amounts in DKK '000s	H2 2019	H2 2018	YTD 2019	YTD 2018	FY 2018	FY 2017
Marketing costs	-789.0	-535.5	-1,588.4	-1,234.5	-1,234.5	-1,280.1
Premises	-412.9	-581.9	-834.6	-1,114.9	-1,114.9	-1,134.1
Other costs	-936.8	-796.7	-2,016.9	-1,882.8	-1,882.8	-2,154.7
<b>Total other external expenses</b>	<b>-2,138.7</b>	<b>-1,914.1</b>	<b>-4,439.9</b>	<b>-4,232.1</b>	<b>-4,232.1</b>	<b>-4,569.0</b>

## 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 – Share Capital

The Company's share capital is DKK 5,000,000 divided into shares of DKK 1.

## Note 5 – Number of employees

Total number of employees is ten including commercial agents operating in Mexico and Europe.

# FINANCIAL CALENDAR

**Release date**

**Item**

25<sup>th</sup> of May 2020

General Assembly and Annual Report 2019

12<sup>th</sup> of August 2020

H1.2020 Interim Report (01/01/2020 – 30/06/2020)

**Event**

# *PHOTOCAT A/S*

Photocat A/S manufactures patented coating materials for both outdoor and indoor applications with the effect to degrade NO<sub>x</sub> and VOC's when exposed to light, Both NO<sub>x</sub> 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 NO<sub>x</sub>,

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