

The logo for Photocat, consisting of the word "PHOTOCAT" in white, uppercase, sans-serif font, centered within a dark grey rectangular box with a thin orange horizontal line above it.

PHOTOCAT

# CLEANING THE AIR WE BREATHE

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

## INTERIM REPORT Q2 2018

The information in this interim report requires Photocat A/S to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act, The information was submitted for publication on 28 August 2018 at 17:30 CET.

PHOTOCAT A/S PCAT CORP, ID NO, 32357903

# Q2 2018: SUMMARY

## Main highlights during the second quarter of 2018

- Photocat held the event "Clean Air with Photocatalysis". The event hosted Professor Akira Fujishima (the father of photocatalysis).
- First order of actiFLOOR technology in 2018 substantially above expectations.
- Lauzon Flooring reports highest production volume in history, more than 50 % growth compared to same quarter last year and apx. 27 % stronger compared to previous high.
- The Municipality of Frederiksberg recommends the application of photocatalytic paver stones from 2019. We expect the technology to be implemented in 2019 .
- Secured first indoor loft ceiling client. Client expected to launch product in Q4 2018. We expect the first reference projects to be delivered early 2019.
- Binne Dachbanen reports strong growth and increased ability to secure projects with the NOxOFF technology.
- Renotech launches online platform for ShineOn projects and secures projects in Belgium, Holland and Hungary.
- Photocat secures loan of 2 MDKK from senior management and key investors to support growth activities.

## Main highlights after the second quarter of 2018

- Initiated implementation of technology with two new clients in Germany and Holland.
- Photocat issues 248.928 shares in a direct issue securing SEK 1.9 million kr. in new equity.

Amounts in DKK '000s	1 Apr - 31 Jun 2018	1 Apr - 31 Jun 2017	Year-to-date 2018	Year-to-date 2017	Full Year 2017**
Revenue from photocatalytic fluid	2,442.3	772.4	3,338.8	2,812.0	4,303,4
Revenue from Consultancy, Equipment & Other	238.9	128.5	352.4	1,452.6	1,767,4
Gross Profit	921,8	-844,0	600,6	221.2	-327,8
EBITDA	206.4	-2,067.6	-782.9	-2,234.9	-4,537.0
P/L before Tax	-447,5	-2,815,9	-2,016,7	-3,762.6	-7,150,2
Net Profit	-447,5	-2,640,9	-1,931,4	-3,587.6	-6,827,6
<b>Total Assets</b>	<b>16,679.4</b>	<b>18,775.8</b>	<b>16,679.4</b>	<b>18,775.8</b>	<b>15,981,3</b>
<b>Equity</b>	<b>9,389.3</b>	<b>14,938.8</b>	<b>9,389.3</b>	<b>14,938.8</b>	<b>11,320,7</b>
<b>Debt</b>	<b>7,290.1</b>	<b>3,837.0</b>	<b>7,290.1</b>	<b>3,837.0</b>	<b>4,610,5</b>
<b>Cash at Hand</b>	<b>269.7</b>	<b>2,874.0</b>	<b>269.7</b>	<b>2,874.0</b>	<b>811,1</b>

\*\* Audited

# CEO LETTER

The second quarter of 2018 shows a growth of 180 % compared to the second quarter in 2017 and represents the third quarter with consecutive growth. The growth continues to be mainly derived from existing customer base. Additionally new customers were secured which will lead to new revenue streams the coming quarters.



Michael Humle  
CEO

In Denmark we have continued our work towards Municipalities. In the Municipality of Frederiksberg the technology will be incorporated in the budget plans for 2019 and has been approved by the city- & technical-department. We are also in a process to secure a research project through the Danish EPA ("Miljøstyrelsen"). The application is approved for a phase 2 and we expect a final decision in the fourth quarter. We will continue to work towards Municipalities & Cities in Denmark.

Our indoor market continues growth with our actiFLOOR client producing the largest quarterly volume in our history, more than 60 % compared to previous order in 2017. The entrance of Lauzon flooring products in Europe is something we look to with great expectations and in Scandinavia it is our client Stonetreatment that has secured the distribution rights. Seeing our clients working together, across borders, to scale our technology is a great signal that we are adding real value to them and their offering.

During the second quarter we finalized an agreement with a new European client in the indoor application area. We are excited about this new opportunity and will communicate more when we are closer to launching. We expect them to launch during Q4/Q1.

For NO<sub>x</sub>OFF™ Bitumen the second quarter was highlighted with a delivery to Binné & Sohn. Binné & Sohn has been a client since 2015 but In the second quarter we finally saw year-on-year growth for actual installed projects, confirming their competitive advantage in the market with our technology. We are also looking forward to once again being part of Nordbau together with Binné where we will show the ability to degrade NO<sub>x</sub> live.

In Spain we have experienced reoccurring sales to all our Spanish clients. We are in close dialogue with relevant Spanish stakeholders and end-consumers and take this as a strong signal that Spain both acknowledges and demands our technical innovation.

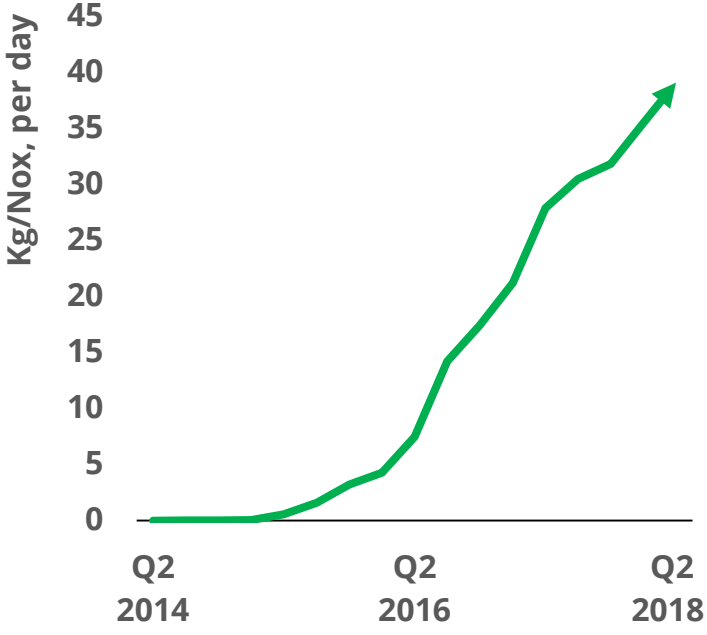
The Photocat Garden retail market in Denmark has shown promising growth in the second quarter. We see increased volume from our clients. However, a major catalyst for further growth is ensuring availability in more retail chains in Denmark and Northern Europe. The professional market in Denmark continues to be sluggish for premium products.

In the second quarter we shipped our first order of ShineOn™ to the Belgian company Renotech. They have secured projects in Belgium, Holland and Hungary. The projects are office buildings and hotels. We are following the progression by Renotech closely.

We continue to see a substantial lower cost base compared to 2017 and 2016. As an organization we are smaller but also more focused on the task at hand. The cost base is not expected to change significantly going forward and we will focus on continued revenue growth in order to show positive EBITDA. We are experiencing real interest from businesses and local communities. We take the increased acknowledgment of our technology as a sign of traction which we are confident will result in increased application of our technology.

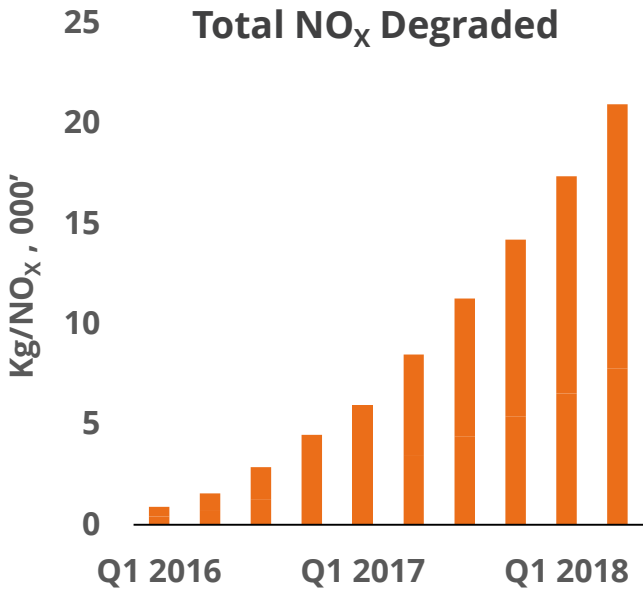
# ENVIRONMENTAL IMPACT

Currently degrading 39,1 Kg/NO<sub>x</sub> per day, equivalent to 238 million driven km by a euro 6 car per year

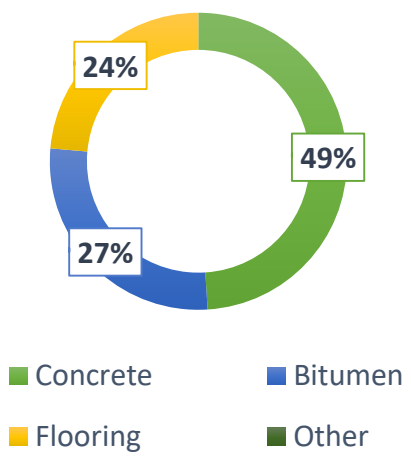


MORE THAN 1 MILLION m<sup>2</sup> WITH PHOTOCATALYTIC SURFACES DELIVERED

Total NO<sub>x</sub> removed is 20,959 KG/NO<sub>x</sub> since inception

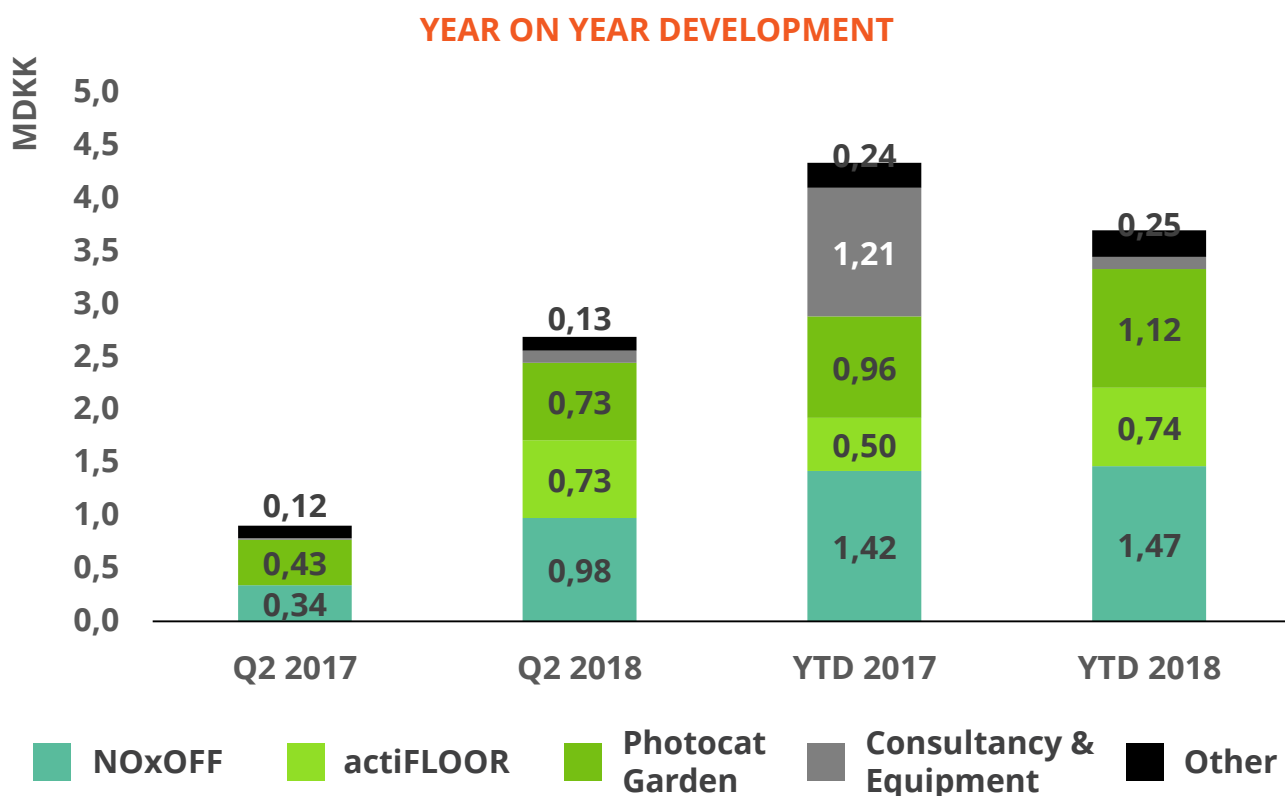
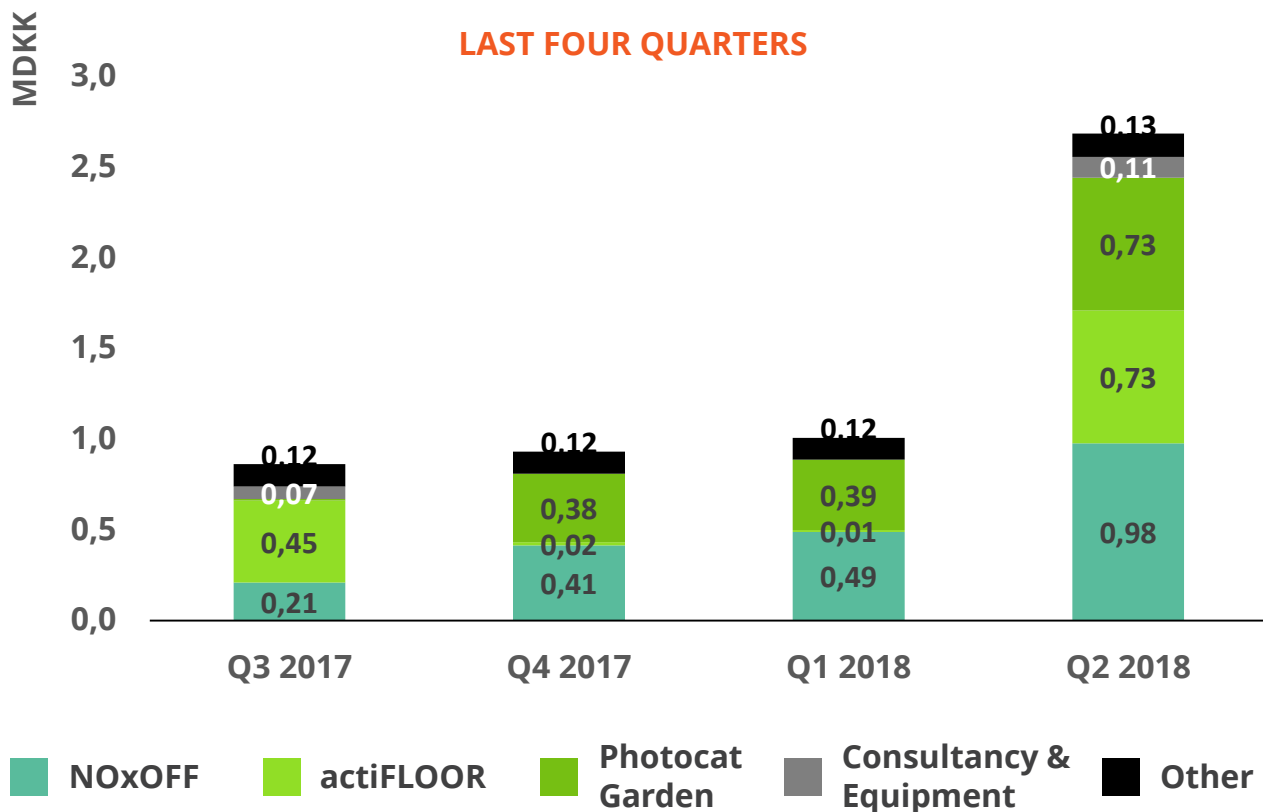


Distribution of Photocatalytic m<sup>2</sup>



\* Estimated

# REVENUE DEVELOPMENT



# INCOME STATEMENT

Amounts in DKK '000s	NOTES	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017	FY 2016
<b>Revenue</b>		<b>2,567.6</b>	<b>787,3</b>	<b>3,464,0</b>	<b>4,037.4</b>	<b>5,616,4</b>	<b>5,180,5</b>
<b>Other operating income</b>	1	<b>113,6</b>	<b>113,6</b>	<b>227,2</b>	<b>227.2</b>	<b>454,4</b>	<b>454,4</b>
Expenses for raw materials and consumables		-466,8	-394,3	-764,9	-1,131.2	-1,829,6	-2,114,4
Other external expenses	2	-1,292,6	-1,350,5	-2,325,7	-2,912.3	-4,569,0	-6,114,4
<b>Gross profit</b>		<b>921,8</b>	<b>-844,0</b>	<b>600,6</b>	<b>221.2</b>	<b>-327,8</b>	<b>-2,593,9</b>
Staff expenses		-715,3	-1,223.6	-1,383,5	-2,456.1	-4,209,2	-4,747,6
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-512,9	-654,8	-1,025,8	-1,311.7	-2,356,9	-2,426,4
<b>Profit/loss before financial income and expenses</b>		<b>-306,5</b>	<b>-2,722,3</b>	<b>-1,808,7</b>	<b>-3,546.7</b>	<b>-6,893,9</b>	<b>-9,767,9</b>
Financial expenses		-141,0	-93,6	-208,0	-215.9	-256,3	-187,0
<b>Profit/loss before tax</b>		<b>-447,5</b>	<b>-2,815,9</b>	<b>-2,016,7</b>	<b>-3,762.6</b>	<b>-7,150,2</b>	<b>-9,954,9</b>
Tax		-	175,0	85,3	175.0	322,6	172,4
<b>Net profit/loss</b>		<b>-447,5</b>	<b>-2,640,9</b>	<b>-1,931,4</b>	<b>-3,587.6</b>	<b>-6,827,6</b>	<b>-9,782,5</b>
Earnings per share		DKK -0,15	DKK -0,88	DKK -0,64	DKK -1,20	DKK -2,28	DKK -3,26

**BALANCE SHEET, assets**

Amounts in DKK '000s	NOTES	Q2 2018	Q2 2017	FY 2017	FY 2016
Completed development projects		5,265.5	6,445.6	7,795,3	8,356,4
Acquired patents		307.6	134.8	358,9	259,1
Development projects in progress	3	3,968.6	2,909.7	1,466,1	1,160,6
<b>Intangible Assets</b>		<b>9,541.7</b>	<b>9,490.1</b>	<b>9,620,3</b>	<b>9,776,1</b>
Plant and machinery		1,702.7	2,103.5	1,901,4	2,301,5
<b>Property, plant and equipment</b>		<b>1,702.7</b>	<b>2,103.5</b>	<b>1,901,4</b>	<b>2,301,5</b>
Other investments		0.0	0.0	0.0	0.0
Deposits		290.3	290.3	290,3	290,3
<b>Fixed asset investments</b>		<b>290.3</b>	<b>290.3</b>	<b>290,3</b>	<b>290,3</b>
<b>Fixed assets</b>		<b>11,534.6</b>	<b>11,883.9</b>	<b>11,812,0</b>	<b>12,367,9</b>
<b>Inventories</b>		<b>690.1</b>	<b>720.4</b>	<b>1,091,0</b>	<b>957,8</b>
Trade receivables		3,432.9	2,500.8	1,533,8	1,741,1
Receivables from group enterprises		-	0.0	0.0	60,4
Other receivables		190.0	160.8	236,9	236,4
Deferred tax assets		-	-	0	0
Corporation tax		407.8	430.3	322,6	255,3
Prepayments		154.2	205.7	173,9	238,7
<b>Receivables</b>		<b>4,185.0</b>	<b>3,297.6</b>	<b>2,267,2</b>	<b>2,531,9</b>
<b>Cash at bank and in hand</b>		<b>269.7</b>	<b>2,874.0</b>	<b>811,1</b>	<b>172,3</b>
<b>Current assets</b>		<b>5,144.8</b>	<b>6,892.0</b>	<b>4,169,3</b>	<b>3,662,0</b>
<b>Assets</b>		<b>16,679.4</b>	<b>18,775.8</b>	<b>15,981,3</b>	<b>16,029,9</b>

# BALANCE SHEET, liabilities & equity

Amounts in DKK '000s	NOTES	Q2 2018	Q2 2017	FY 2017	FY 2016
Share capital	5	3,000.0	3,000.0	3,000,0	2,356,3
Retained earnings		6,389.3	11,938.8	8,320,7	6,852,7
<b>Equity</b>		<b>9,389.3</b>	<b>14,938.8</b>	<b>11,320,7</b>	<b>9,209,0</b>
Other provisions		-	-	50,0	-
<b>Provisions</b>		<b>-</b>	<b>-</b>	<b>50,0</b>	<b>-</b>
Subordinate loan capital		-	-	-	-
Credit institutions		824.9	-	375,0	955,0
Trade payables		-	-	-	-
Payables to shareholders and managements		11.8	20.0	10,9	20,9
Deferred income		1,325.5	1,779.8	1,552,6	2,007,0
<b>Long-term debt</b>		<b>2,162.0</b>	<b>1,799.8</b>	<b>1,938,5</b>	<b>2,982,9</b>
Credit institutions		767.7	-	782,4	446,7
Trade payables		1,131.8	1,008.1	719,9	2,171,2
Other payables		2,774.2	547.8	715,4	765,7
Deferred income	1	454.4	454.4	454,4	454,4
<b>Short-term debt</b>		<b>5,128.1</b>	<b>2,037.2</b>	<b>2,672,1</b>	<b>3,838,0</b>
<b>Debt</b>		<b>7,290.1</b>	<b>3,837.0</b>	<b>4,610,5</b>	<b>6,820,9</b>
<b>Liabilities &amp; Equity</b>		<b>16,679.4</b>	<b>18,775.8</b>	<b>15,981,3</b>	<b>16,029,9</b>



# CASH FLOW STATEMENT

Amounts in DKK '000s	N O T E S	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Net profit/loss		-447.5	-2,640.9	-1,931.4	-3,587.6	-6,827.6
Adjustments		540.3	459.7	921.3	1,125.4	1,836.2
Change in working capital		-1,023.5	1,056.2	-1,227.9	-1,768.7	-1,313.2
<b>Cash flow from operating activities before financial income and expenses</b>		<b>-930.7</b>	<b>-1,124.9</b>	<b>-2,238.0</b>	<b>-4,230.8</b>	<b>-6,304.6</b>
Financial expenses		-151.8	-93.6	- 99.1	-215.9	-256.3
<b>Cash flow from ordinary activities</b>		<b>-1,082.5</b>	<b>-1,218.5</b>	<b>-2,337.2</b>	<b>-4,446.7</b>	<b>-6,560.9</b>
Corporation tax paid		-	-	-	-	255.3
<b>Cash flow from operating activities</b>		<b>-1,082.5</b>	<b>-1,218.5</b>	<b>-2,337.2</b>	<b>-4,446.7</b>	<b>-6,305.6</b>
Purchase of property, plant and equipment		-360.8	-455.5	-748.4	-795.4	-1,751.3
Purchase of tangible fixed assets		-	-32.3	-	-32.3	-49.7
Other adjustments		-	-	-	-	
<b>Cash flow from investing activities</b>		<b>-360.8</b>	<b>-487.8</b>	<b>- 748.4</b>	<b>-827.7</b>	<b>-1,801.0</b>
Increase in loans from credit institutions		-397.0	-1,561.4	435.2	-1,401.7	-244.3
Repayment of payables to group enterprises		0.0	60.4	-	60.4	50.3
Change in payables, stock and suppliers		2,108.9	-	2,108.9	-	
Capital increase		-	-	-	9,317.4	8,939.3
<b>Cash flow from financing activities</b>		<b>1,711.9</b>	<b>-1,501.0</b>	<b>2,544.1</b>	<b>7,976.1</b>	<b>8,745.3</b>
Change in cash and cash equivalents		268.6	-3,207.3	-541.4	2,701.6	638.7
Cash and cash equivalents as of beginning of period		1.0	6,081.2	811.1	172.4	172.4
<b>Cash and cash equivalents as of end of period</b>		<b>269.7</b>	<b>2,874.0</b>	<b>269.7</b>	<b>2,874.0</b>	<b>811.1</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	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017	FY 2016
Marketing costs	-436.3	-387.2	-697.9	-845.9	-1,280.1	-1,676.0
Premises	-221.9	-298.7	-533.0	-579.8	-1,134.1	-1,190.9
Other costs	-634.3	-664.6	-1,094.7	-1,486.6	-2,154.7	-3,247.5
<b>Total other external expenses</b>	<b>-1,292.6</b>	<b>-1,350.5</b>	<b>-2,325.7</b>	<b>-2,912.3</b>	<b>-4,569.0</b>	<b>-6,114.4</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 – Number of employees

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

## Note 5 – Share Capital

The Company's share capital is DKK 3,000,000 divided into shares of DKK 1.

# FINANCIAL CALENDAR

## Release date

28<sup>th</sup> of August 2018

12<sup>th</sup> of November 2018

4<sup>th</sup> of February 2019

25<sup>th</sup> of April 2019

25<sup>th</sup> of April 2019

19<sup>th</sup> of August 2019

## Item

Q2.2018 Interim Report (01/04/2018 – 30/06/2018)

Q3.2018 Interim Report (01/07/2018 – 30/09/2018)

Q4.2018 Interim Report (01/10/2018 – 31/12/2018)

Annual Report (01/01/2018 – 31/12/2018)

Q1.2019 Interim Report (01/01/2019 – 31/03/2019)

Q2.2019 Interim Report (01/04/2019 – 30/06/2019)

## Event

Next Annual General Meeting to be held on the 25<sup>th</sup> of April 2019.

# *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,