

CLEANING THE AIR WE BREATHE



PHOTOCAT

INTERIM REPORT Q4 2017

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 16 February 2018 at 17:30 CET.

Q4 2017: SUMMARY

Main highlights during the fourth quarter of 2017

- S:T Erik launched its air+ brand in Sweden during the Nordic Road conference in October.
- Delivered first order to S:T Eriks AB.
- Asak Miljøstein exhibited ClearNOx at the leading building conference in Norway, "Bygg Reis Deg".
- First political breakthrough in Roskilde as the political party "Venstre" puts photocatalysis on the agenda.
- ShineOn patent granted in Europe.
- Implemented changes to cost structure.
- Participated at the Danish Conference Building Green with a first ever real-life demonstration of photocatalysis with commercially available NOxOFF products.
- Delivered to new Spanish customer, Terrazo Ruiz.

Main highlights after the fourth quarter of 2017

- Delivered first order for Photocat Garden in 2018.
- Lauzon Flooring grants Stonetreatment A/S distributions rights in Europe.
- Lauzon reports strongest quarter ever. Up 56 % from Q4 2016 and 19 % higher than its previous strongest quarter.
- Photocat launched monthly newsletter initiative. Registration is available on website, [click here](#).
- Photocat opened registrations for the event "Clean Air with Photocatalysis", [register here](#). The event will host Professor Akira Fujishima (the inventor of photocatalysis). The event is hosted by Photocat together with the Carlsberg foundation in Copenhagen on the 24th of April.

Amounts in DKK '000s	1 Oct – 31 Dec 2017	1 Oct – 31 Dec 2016	1 Jan – 31 Dec 2017	1 Jan – 31 Dec 2016	Full Year 2016**
Revenue from photocatalytic fluid	810.2	656.6	4,303.4	4,446.0	4,446.0
Revenue from Consultancy, Equipment & Other	121.5	138.3	1,766.5	1,188.9	1,188.9
Gross Profit	362.9	- 1,646.9	- 83.2	- 2,593.9	-2,593.9
EBITDA	- 191.0	- 3,094.8	- 4,349.7	- 7,341.5	- 7,341.5
P/L before Tax	- 747.4	- 3,721.2	- 6,950.0	- 9,954.9	-9,954.9
Net Profit	- 669.5	- 3,659.0	- 6,627.4	- 9,782.5	- 9,782.5
Total Assets	16,089.8	16,029.9	16,089.8	16,029.9	16,029.9
Equity	11,520.9	9,209.0	11,520.9	9,209.0	9,209.0
Debt	4,568.9	6,820.9	4,568.9	6,820.9	6,820.9
Cash at Hand	761.1	172.4	761.1	172.4	172.4

** Audited

CEO LETTER

Revenue in the fourth quarter 2017 amounted to TDKK 931.7, which was mostly made up by sales of Photocat garden (TDKK 378.4) and NO_xOFF (TDKK 413.7). The remaining TDKK 139.6 was attributable to actiFLOOR royalties, minor equipment sales and other operating income. Usually the season for Photocat Garden is in the second quarter, however, Photocat has managed to prolong the season with its market activities in Spain. The activity in Spain is still in its infant stage yet we now have repeating customer relations. At the end of the fourth quarter Photocat had a client base of 5 customers in Spain. During the fourth quarter 2017 we also had the pleasure of delivering our first order of NO_xOFF to S:T Eriks AB, our first Swedish Concrete NO_xOFF customer. Our Swedish Photocat Garden distribution partner met its contractual obligation for 2017 and Stonetreatment A/S secured distribution of Photocat Garden in Norway through the retail company Megafliis.



Michael Humle
CEO

In the fourth quarter Photocat continued its implementation of its cost alignment program. We refocused our high profile public affairs activities by outsourcing the function on a revenue based scheme. This we believe will strengthen our revenue coming from public affairs activities. This shift was fully implemented during the fourth quarter. The current focus is on the Municipality of Roskilde where we recently concluded a 3-year study. Furthermore we are supporting our Photocat Garden distributor in Denmark and Norway with market access understanding. This amongst other means that a Photocat sales representative will work directly in their organization with a focus on selling their photocatalytic products.

We also participated for the first time ever at Building Green, a Danish conference focused on environmental building and materials held in November. Photocat had developed a real-life demonstration of photocatalysis enabling guests to turn on/off a light and visually see the degradation of NO_x. At the conference we showcased the full range of our photocatalytic technology and end-products to architects, engineers and building professionals in Denmark. Since the show we are following up with leads generated.

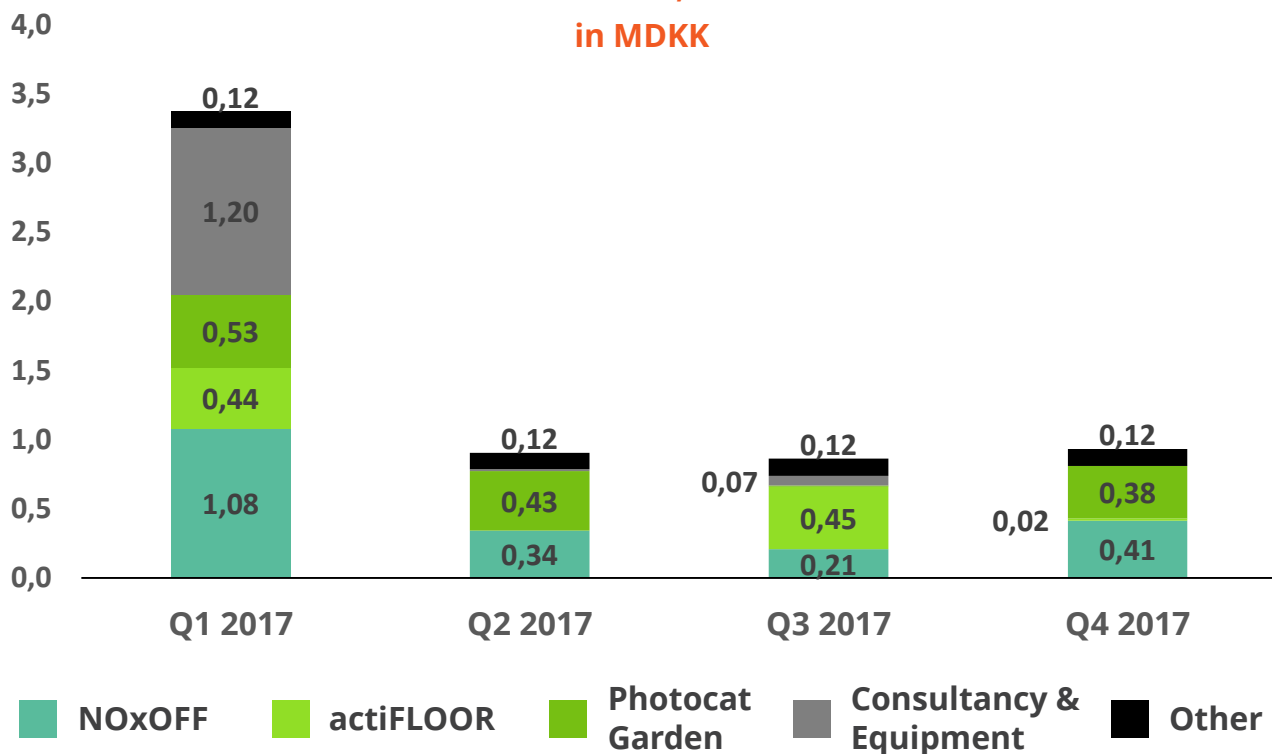
In December Photocat was granted its ShineOn patent in Europe and our patent family now spans 41 granted patents and 55 pending patents. Our patents protect our commercial solutions from the formulation stage to the application stage.

As a final note I would like to communicate that Photocat has been able to schedule a visit from Professor Akira Fujishima. Professor Akira Fujishima first discovered Photocatalysis together with Professor Kenichi Honda in the late 1960's. Since then he has been nominated for the nobel prize in chemistry and today he is the president of the Tokyo University of Science. We are extremely pleased to have the honor of his visit.

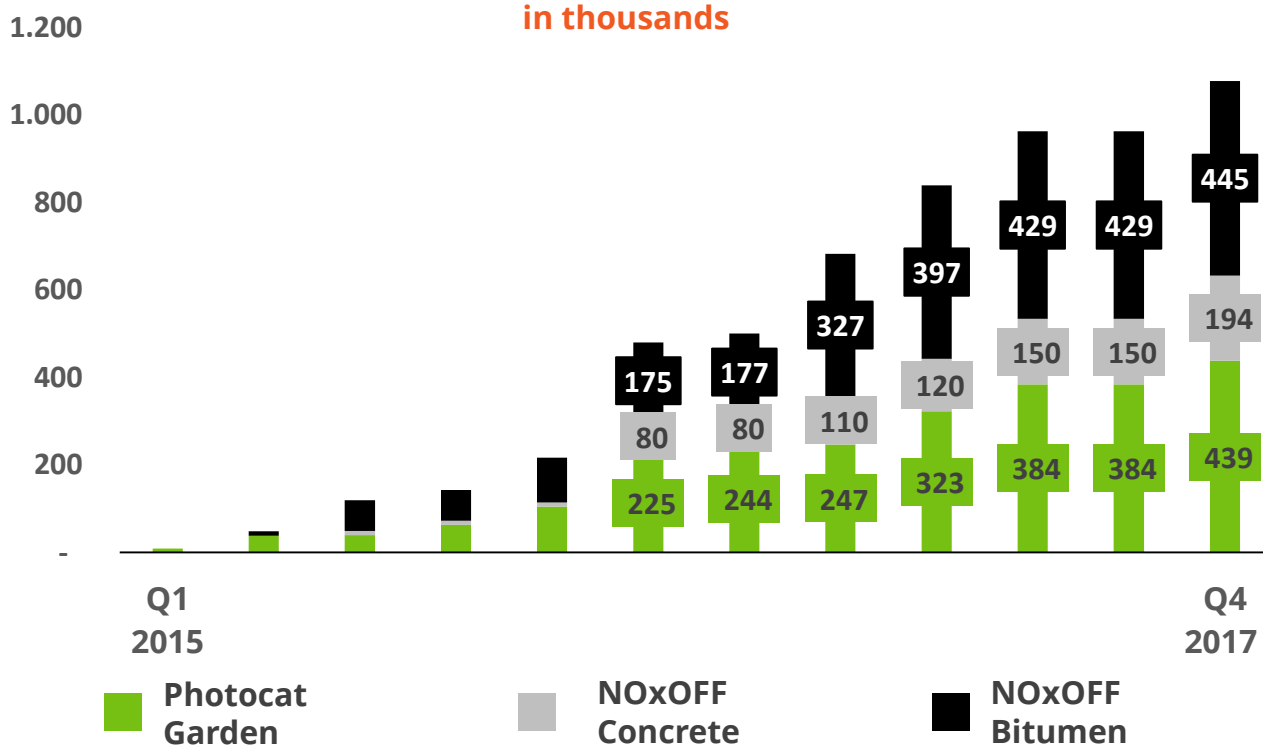
In connection with the visit from Professor Akira Fujishima, we will together with the Carlsberg foundation hold an event, at the Carlsberg Academy, where Professor Akira Fujishima will speak. The main subject will be clean air and photocatalysis and as an extension to Professor Akira Fujishima the chairman of Carlsberg, Professor Flemming Besenbacher will also speak together with Danish politicians and building professionals. The event is free and open to all to register on our website. We also welcome investors to take the opportunity to hear from one of today's most acclaimed scientists.

SUMMARY

REVENUE DEVELOPMENT, BY PRODUCT SEGMENT
in MDKK



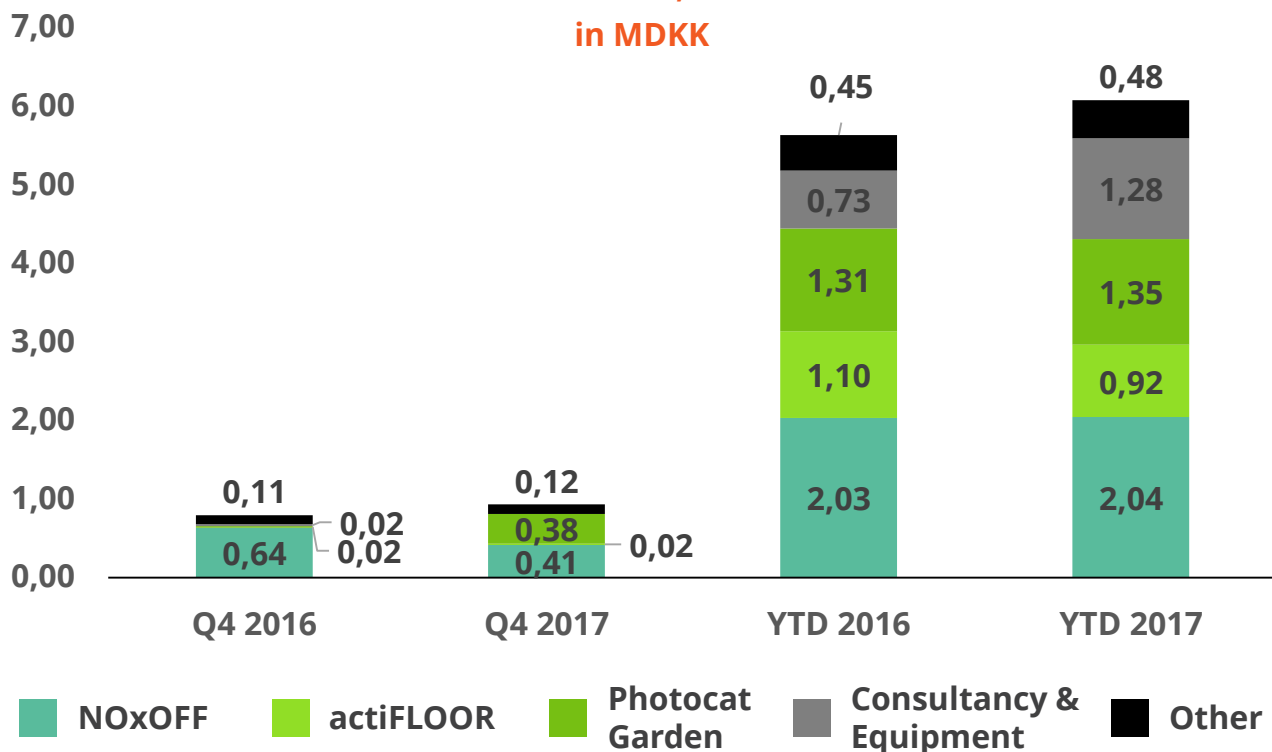
TREATED PHOTOCATALYTIC m²*, BY SURFACE TYPE
in thousands



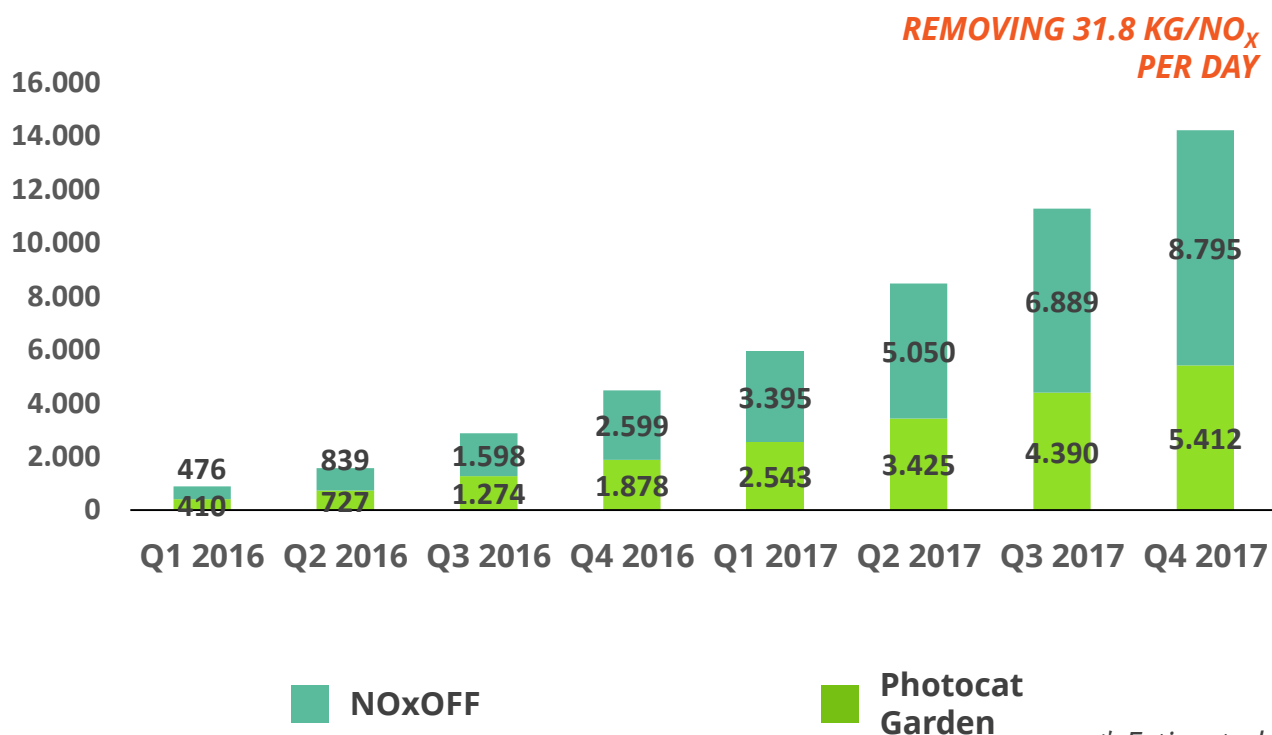
* Estimated

SUMMARY

REVENUE DEVELOPMENT, BY PRODUCT SEGMENT
in MDKK



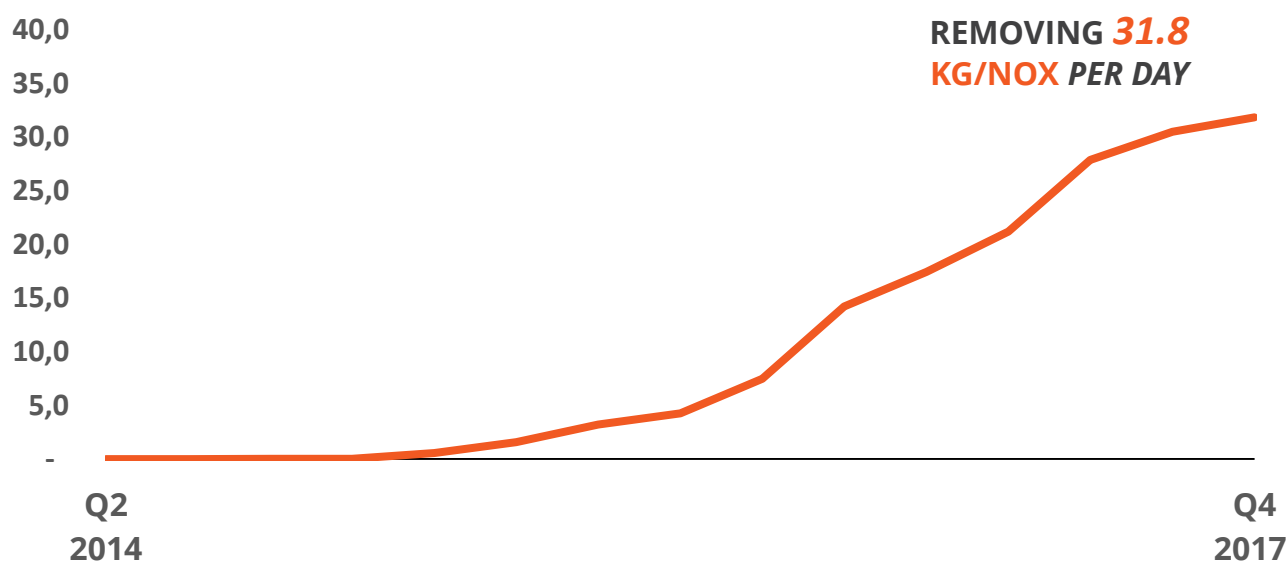
KG/NO_x REMOVED TO DATE *, BY PRODUCT SEGMENT



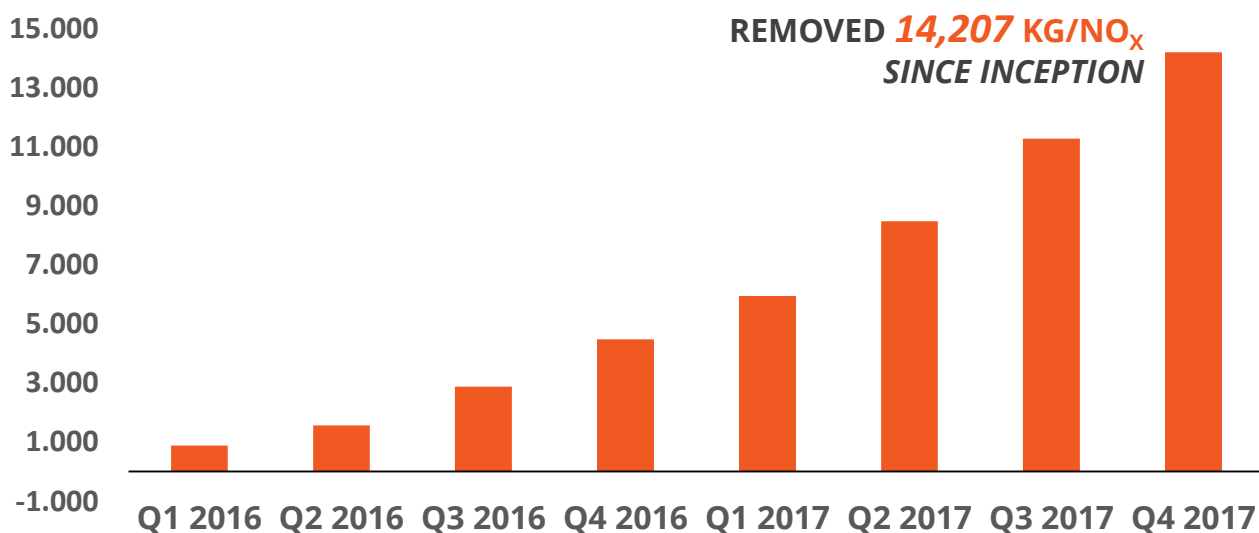
* Estimated

ENVIRONMENTAL IMPACT

Daily NOx removed is equivalent to **530 thousand driven kilometres***



Total NOx removed is equivalent to **237 million driven kilometres***



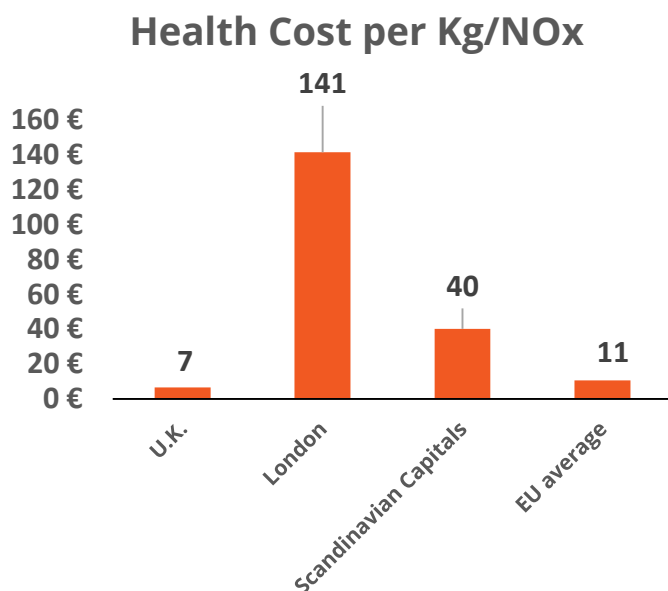
* Driven by a euro 6 norm gasoline passenger car (0.06 g/km).

AIR POLLUTION

Air pollution is the primary environmental source causing 7 million premature deaths around the world every year. This number by far exceeds the combined annual death rates for malaria, tuberculosis and AIDS. In Europe alone air pollution is the solely source to more than 400.000 premature deaths on a yearly basis (EEA, 2016), leading air pollution to be the biggest threat to premature deaths for our generation and the generations to come (UNECE, 2016).

The most harmful air pollutant is NO_x, as it affects all receptors and thereby directly causing fatal and protracted illnesses such as asthma, lung cancer, stroke and heart diseases (UNECE, 2016). The primary source to NO_x emissions is road transport, as it constitutes for more than 60 % of the total emissions, whereas energy and industrial pollution accounts for approximately 30 %. The highest concentrations of NO_x emissions are therefore found in urban areas, which further enforces that more people are exposed to NO_x emissions, as more people live in urban rather than rural areas (OECD, 2015). Moreover, the NO_x emission levels are highest during daytime, as this is when traffic is at its peaking point. This further exposes more people to the harmful air pollution, as the peak hours for people to be outside also takes place during rush hours in traffic and hence during daytime (Jensen, 2017).

The total NO_x emission in the EU is 9.3 billion kilograms per year (RICARDO-AEA, 2014). NO_x emissions accounts for a tremendous economic cost as it yearly accounts for EUR 1 trillion in the UNECE region. This does not include illness related work absence, which further adds a 10 % increase in the combined societal health cost meaning that NO_x emissions are increasing these both directly as well as indirectly (OECD, 2015). The official numbers for societal health cost in relation to NO_x emissions and concentrations show a significant difference between the cost of 1kg/NO_x in cities with more than 100.000 habitants compared to the national level. As an example the cost of NO_x per kg is more than 20x in London compared to the average cost in the U.K.



With more than half of the world's population living in cities today, which is expected to increase to 60 % by 2030 (UN, 2016) it becomes self evident that air pollution in cities must be actively combated today.

One effective solution to combat air pollution and more specifically to lower the NO_x emission level is the photocatalytic technology, as it directly mitigates NO_x emissions especially in urban areas.

INCOME STATEMENT

Amounts in DKK '000s	NOTES	Q4 2017	Q4 2016	YTD 2017	YTD 2016	FY 2016	FY 2015
Revenue		818.1	681.3	5,615.5	5,180.5	5,180.5	2,360.7
Other operating income	1	113.6	113.6	454.4	454.4	454.4	454.4
Expenses for raw materials and consumables		- 131.2	- 372.3	- 1,301.4	- 2,114.4	- 2,114.4	- 713.0
Other external expenses	2	- 437.6	- 2,069.5	- 4,851.7	- 6,114.4	- 6,114.4	- 3,630.4
Gross profit		362.9	- 1,646.9	- 83.2	- 2,593.9	- 2,593.9	- 1,528.4
Staff expenses		- 553.9	- 1,447.9	- 4,266.5	- 4,747.6	- 4,747.6	- 2,475.2
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		- 519.0	- 602.3	- 2,356.9	- 2,426.4	- 2,426.4	- 2,373.4
Profit/loss before financial income and expenses		- 710.0	- 3,697.1	- 6,706.6	- 9,767.9	- 9,767.9	- 6,377.0
Financial expenses		- 37.4	- 24.1	- 243.4	- 187.0	- 187.0	- 367.7
Profit/loss before tax		- 747.4	- 3,721.2	- 6,950.0	- 9,954.9	- 9,954.9	- 6,744.7
Tax		77.9	62.2	322.6	172.4	172.4	445.3
Net profit/loss		- 669.5	- 3,659.0	- 6,627.4	- 9,782.5	- 9,782.5	- 6,299.4
Earnings per share		DKK -0.22	DKK -1.55	DKK -2.21	DKK -4.15	DKK -4.15	DKK -3.18

BALANCE SHEET, assets

Amounts in DKK '000s	NOTES	Q4 2017	Q4 2016	FY 2016	FY 2015
Completed development projects		5,825.3	8,356.4	8,356.4	9,030.1
Acquired patents		358.8	259.1	259.1	507.6
Development projects in progress	3	3,436.2	1,161.0	1,161.0	1,017.1
Intangible Assets		9,620.3	9,776.1	9,776.1	10,554.9
Plant and machinery		1,901.4	2,301.5	2,301.5	2,788.5
Property, plant and equipment		1,901.4	2,301.5	2,301.5	2,788.5
Other investments		0.0	0.0	0.0	0.0
Deposits		290.3	290.3	290.3	290.3
Fixed asset investments		290.3	290.3	290.3	290.3
Fixed assets		11,812.0	12,367.9	12,367.9	13,633.7
Inventories		830.2	957.8	957.8	1,100.2
Trade receivables		1,957.7	1,741.1	1,741.1	890.6
Receivables from group enterprises		0.0	60.4	60.4	39.8
Other receivables		232.4	236.4	236.4	355.7
Deferred tax assets				0.0	82.9
Corporation tax		322.6	255.3	255.3	363.9
Prepayments		173.8	238.7	238.7	204.6
Receivables		2,686.5	2,531.9	2,531.9	1,937.4
Cash at bank and in hand		761.1	172.4	172.4	3,134.7
Current assets		4,277.8	3,662.0	3,662.0	6,172.2
Assets		16,089.8	16,029.9	16,029.9	19,805.9

BALANCE SHEET, liabilities & equity

Amounts in DKK '000s	NOTES	Q4 2017	Q4 2016	FY 2016	FY 2015
Share capital	5	3,000.0	2,356.3	2,356.3	1,980.5
Retained earnings		8,520.9	6,852.7	6,852.7	10,477.4
Equity		11,520.9	9,209.0	9,209.0	12,457.9
Subordinate loan capital		-	-	-	-
Credit institutions		1,107.3	955.0	955.0	1,535.0
Trade payables		-	-	-	-
Payables to shareholders and managements		20.9	20.9	20.9	17.6
Deferred income		1,552.6	2,007.0	2,007.0	2,461.4
Long-term debt		2,680.8	2,982.9	2,982.9	4,014.0
Credit institutions		-	446.7	446.7	402.1
Trade payables		718.4	2,171.2	2,171.2	1,956.8
Other payables		715.3	765.7	765.7	520.7
Deferred income	1	454.4	454.4	454.4	454.4
Short-term debt		1,888.1	3,838.1	3,838.1	3,334.0
Debt		4,568.9	6,820.9	6,820.9	7,348.0
Liabilities & Equity		16,089.8	16,029.9	16,029.9	19,805.9

CASH FLOW STATEMENT

Amounts in DKK '000s	N O T E S	4Q 2017	4Q 2016	YTD 2017	FY 2016	FY 2015
Net profit/loss		- 669.5	-3,659.0	- 6,627.5	-9,782.5	- 6,299.4
Adjustments		- 13.1	412.8	1,823.4	1,984.5	1,841.4
Change in working capital		- 310.3	717.2	-1,521.6	- 159.8	- 1,303.7
Cash flow from operating activities before financial income and expenses		- 992.9	-2,529.0	- 6,325.7	- 7,957.8	- 5,761.7
Financial expenses		-37.4	-24.1	- 243.5	- 187.0	- 367.7
Cash flow from ordinary activities		- 1,030.3	-2,553.1	- 6,569.2	- 8,144.8	- 6,129.4
Corporation tax paid		255.3	363.9	255.3	363.9	509.1
Cash flow from operating activities		- 775.0	-2,189.2	- 6,313.9	- 7,780.9	- 5,620.3
Purchase of property, plant and equipment		- 639.2	-301.5	- 1,751.3	- 1,160.6	- 1,590.0
Purchase of tangible fixed assets		- 17.4	-	-49.7	-	- 35.0
Other adjustments		-	-	-	-	-
Cash flow from investing activities		- 656.6	-301.5	- 1,801.0	- 1,160.6	- 1,625.0
Increase in loans from credit institutions		1,107.2	-456.1	- 294.4	- 535.4	- 1,130.2
Repayment of payables to group enterprises		-	18,9	58.7	20.6	8.1
Change in payables, stock and suppliers		-	-	-	-	-
Capital increase		-	-	8,939.3	6,493.9	9,224.0
Cash flow from financing activities		1,107.2	-437.2	8,703.6	5,979.1	10,362.3
Change in cash and cash equivalents		-324.4	-2,927.9	588.7	- 2,962.3	- 3,116.9
Cash and cash equivalents as of 1st of October (January)		1,085.5	3,100.3	172.4	3,134.7	17.7
Cash and cash equivalents as of 31th of December		761.1	172.4	761.1	172.4	3,134.7

Cash and cash equivalents are specified as follows:

Cash at bank and in hand	761.1	172.4	761.1	172.4	3,134.7
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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	Q4 2017	Q4 2016	YTD 2017	YTD 2016
Marketing costs	- 69.4	- 618.7	- 1,280.2	- 1,597.3
Premises	- 230.4	- 303.1	- 1,134.1	- 1,190.9
Other costs	- 137.8	- 1,147.7	- 2,437.4	- 3,326.2
Total other external expenses	- 437.6	- 2,069.5	- 4,851.7	- 6,114.4

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 3,000,000 DKK divided into shares of 1 DKK.

FINANCIAL CALENDAR

Annual Report

[01.01.2017 – 31.12.2017]

- Released on the 11th of April 2018

Annual General Meeting 2018

- Held on the 30th of April 2018

First Quarter 2018

[01.01.2018 – 31.03.2018]

- Released on the 30th of April 2018

Second Quarter 2018

[01.04.2018 – 30.06.2018]

- Released on the 28th of August 2018

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.