

# 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

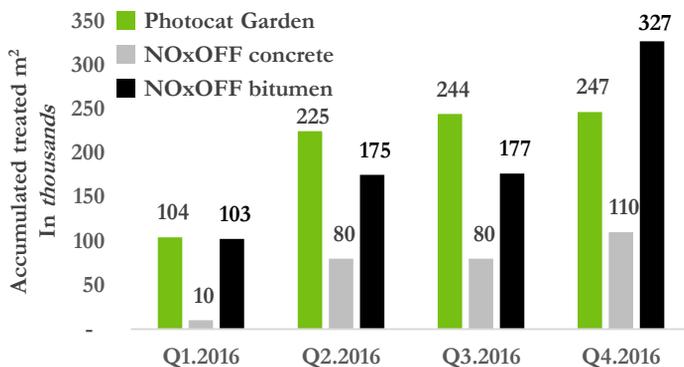
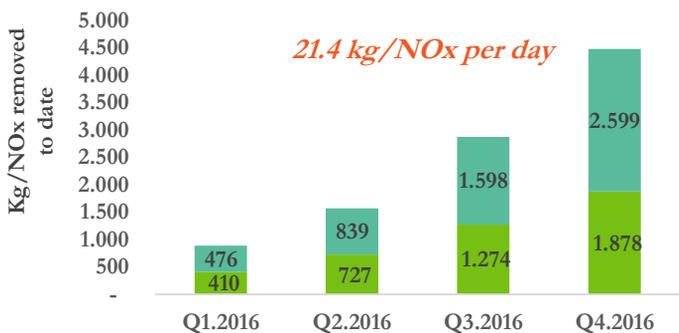
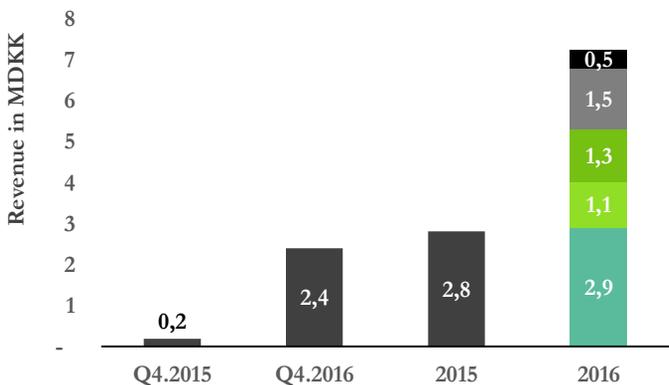
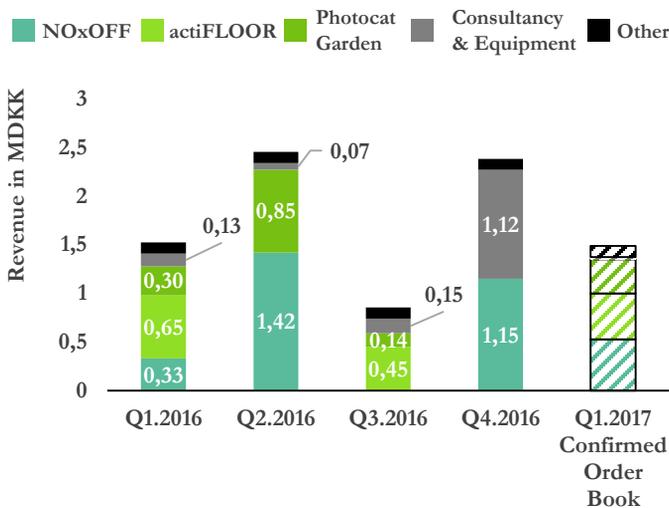
## SIGNIFICANT EVENTS

### 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.

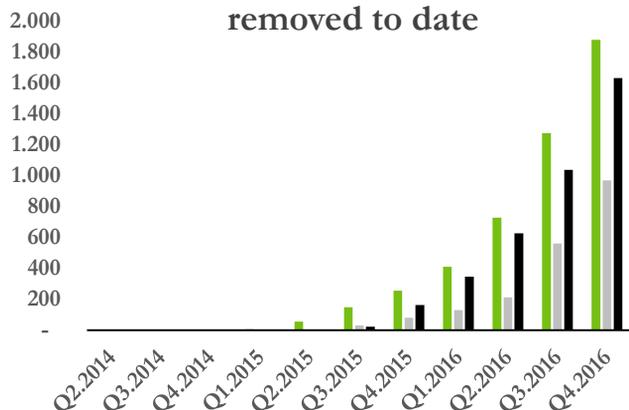
### AFTER Q4.2016

- 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.

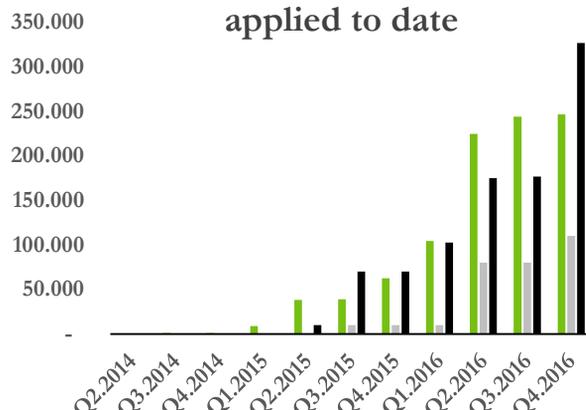


# Photocat's Environmental Impact

Accumulated total kg/NOx removed to date

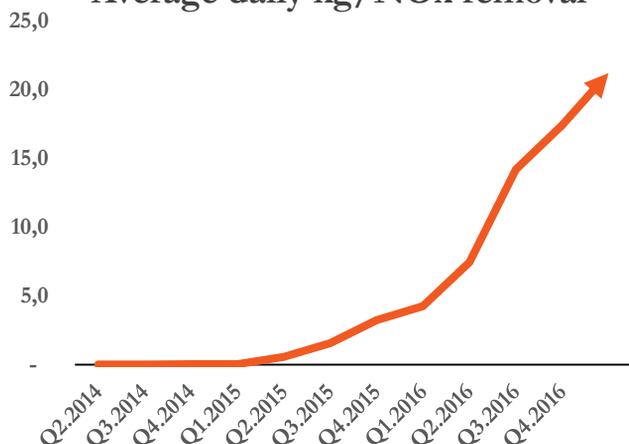


Accumulated total m<sup>2</sup> applied to date



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

BALANCE SHEET 31<sup>ST</sup> 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         |
| <b>Intangible Assets</b>             |       | <b>9,776</b>  | <b>10,555</b> |
| Plant and machinery                  |       | 2,302         | 2,789         |
| <b>Property, plant and equipment</b> |       | <b>2,302</b>  | <b>2,789</b>  |
| Other investments                    |       | 0             | 0             |
| Deposits                             |       | 290           | 290           |
| <b>Fixed asset investments</b>       |       | <b>290</b>    | <b>290</b>    |
| <b>Fixed assets</b>                  |       | <b>12,368</b> | <b>13,634</b> |
| <b>Inventories</b>                   |       | <b>777</b>    | <b>1,704</b>  |
| 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            |
| <b>Receivables</b>                   |       | <b>4,397</b>  | <b>1,649</b>  |
| Cash at bank and in hand             |       | 172           | 3,135         |
| <b>Current assets</b>                |       | <b>5,346</b>  | <b>6,487</b>  |
| <b>Assets</b>                        |       | <b>17,714</b> | <b>20,121</b> |

BALANCE SHEET 31<sup>ST</sup> OF DECEMBER

## LIABILITIES &amp; EQUITY

| In DKK, <i>thousands</i>                 | Notes | 2016          | 2015          |
|--|-------|---------------|---------------|
| Share capital                            | 5     | 2.356         | 1,981         |
| Retained earnings                        |       | 8.858         | 11,130        |
| <b>Equity</b>                            |       | <b>11,214</b> | <b>13,111</b> |
| 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         |
| <b>Long-term debt</b>                    |       | <b>3,430</b>  | <b>4,424</b>  |
| Credit institutions                      |       | 0             | 0             |
| Trade payables                           |       | 2,124         | 1,542         |
| Other payables                           |       | 492           | 589           |
| Deferred income                          |       | 454           | 454           |
| <b>Short-term debt</b>                   |       | <b>3,071</b>  | <b>2,586</b>  |
| <b>Debt</b>                              |       | <b>6,500</b>  | <b>7,010</b>  |
| <b>Liabilities &amp; Equity</b>          |       | <b>17,714</b> | <b>20,121</b> |

CASH FLOW STATEMENT 31<sup>ST</sup> 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        |
| <b>Cash flow from operating activities before financial income and expenses</b> |       | <b>-8,006</b> | <b>-5,745</b> |
| Financial expenses  |       | -159          | -397          |
| <b>Cash flow from ordinary activities</b>                                       |       | <b>-8,165</b> | <b>-6,143</b> |
| Corporation tax paid  |       | 364           | 509           |
| <b>Cash flow from operating activities</b>                                      |       | <b>-7,802</b> | <b>-5,634</b> |
| Purchase of property, plant and equipment                                       |       | -1,161        | -1,590        |
| Other adjustments   |       | 0             | -35           |
| <b>Cash flow from investing activities</b>                                      |       | <b>-1,161</b> | <b>-1,625</b> |
| 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         |
| <b>Cash flow from financing activities</b>                                      |       | <b>6,000</b>  | <b>10,376</b> |
| Change in cash and cash equivalents   |       | -2,962        | 3,117         |
| Cash and cash equivalents as of 1st of January                                  |       | 3,135         | 18            |
| <b>Cash and cash equivalents as of 31<sup>st</sup> of December</b>              |       | <b>172</b>    | <b>3,135</b>  |
|   |       | 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>             | <b>Q4<br/>2016</b> |
|--------------------------------------|--------------------|
| Marketing costs                      | 621                |
| Premises                             | 304                |
| Other costs                          | 1,132              |
| <b>Total other external expenses</b> | <b>2,057</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 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.