

CLEANING THE AIR WE BREATHE



PHOTOCAT

INTERIM REPORT Q3 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 3 November 2017 at 19:00 CET.

Q3 2017: SUMMARY

Main highlights during the third quarter of 2017

- The Roskilde Report is delivered to the Municipality of Roskilde following a 3 year study on the effect of photocatalysis.
 - The report show that the technology effectively reduces NOx.
 - Shows that for every 1 DKK spent on photocatalysis a net present value of 2 DKK is generated.
- Binne & Sohn attain and install first NO_xOFF reference project in Leipzig.
- Asak Miljøstein experience slower than expected market uptake from public purchasers in Oslo, Bergen and Trondheim. The first major public reference delivered to the Sam Eyde School in Arenda.
- Prehorqui S.A. develops a new photocatalytic concrete panel.
- S:T Eriks, Sweden's leading manufacturer of concrete products, completed the development of its new road element with NO_x degrading capabilities.

Main highlights after the third quarter of 2017

- S:T Erik launched its air+ brand in Sweden during the Nordic Road conference in October.
- Asak Miljøstein exhibited ClearNO_x 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.
- Cristal, a leading manufacturer of TiO₂, estimates that the photocatalytic market will grow by 12.6 % p.a. until 2020.

Amounts in DKK '000s	1 Jul – 30 Sep 2017	1 Jul – 30 Sep 2016	1 Jan – 30 Sep 2017	1 Jan – 30 Sep 2016	Full Year 2016**
Revenue from photocatalytic fluid	669.7	606.0	3,493.1	3,789.5	4,446.1
Revenue from Consultancy, Equipment & Other	193.3	259.3	1,645.0	1,050.5	1,188.8
Gross Profit	- 670.4	- 1,119.2	- 446.2	- 948.5	-2,593.9
EBITDA	- 1,923.8	- 2,455.8	- 4,158.7	- 4,274.4	- 7,341.5
P/L before Tax	- 2,440.1	- 3,095.3	- 6,202.6	- 6,233.7	-9,954.9
Net Profit	- 2,370.4	- 3,095.3	- 5,957.9	- 6,123.5	- 9,782.4
Total Assets	16,460.6	19,842.0	16,460.6	19,842.0	16,029.9
Equity	12,568.4	12,868.0	12,568.4	12,868.0	9,209.0
Debt	3,892.2	6,974.1	3,892.2	6,974.1	6,820.9
Cash at Hand	1,085.5	3,100.3	1,085.5	3,100.3	172.4

** Audited

CEO LETTER

On the 27th of October we sent out a revised market guidance for this year revenue. In terms of revenue growth, we are not where we estimated we would be year to date. The reality is that several of our clients had expected a higher paced market penetration. Just like it has taken us time to sell the technology in to manufacturers of building materials it is taking them time to sell the concept to architects, engineers, municipalities and real estate developers. The short term effect of this is that initial volumes are lower than expected but our clients have grown with strong growth rates this year and are winning projects which is gaining them market share*. Furthermore, our customer base has grown. The technology is performing well and our customers express and confirm a long-term commitment to NOxOFF. Our market guidance is still 6 – 8.5 MDKK for 2017.

We see the problem with air quality reaching general acknowledgement. A lot of the debate is directed towards finding the culprit for the bad air quality, be it diesel vehicles, air planes or other. We have no doubt that poor air quality is a fact. Daily we see NOx levels way above WHO thresholds in for example Copenhagen. Instead of looking back and wondering what we could have done, we choose to look forward. We offer a technology that can help with air pollution today, where it is needed, when it is needed and at a low cost. We hope that politicians will do the same, look forward and think smart when designing city infrastructure, for the benefit of the citizens.

Several cost-effective solutions that can contribute to the air quality exist. Photocatalysis is only one of them and recently we finalized a three-year real-life project in the Municipality of Roskilde. This documents the technology works year after year and it represents quantifiable societal returns. The study began in 2014, where 5.000 m² parking lot was treated with the Photocat technology. The aim of the project was to prove that photocatalysis makes a difference in real life. I was very pleased to see the outcome of this study. The Municipality of Roskilde received the report in September 2017. The project measured the on-site activity during the 3 years. The data was used in a socioeconomic framework in order to assess the gain from investing in photocatalysis as a means to combat NOx pollution. We concluded in this study that for every 1 DKK a Municipality spent a net present value of 2 DKK is created for the society. Here for the first time it is documented that photocatalysis creates real value in the sense of reduced health costs. An immediate response from our study is that one of the major political parties in the Municipality of Roskilde has included in its election campaign that whenever making new road installations photocatalysis should be specified.

In the 3rd quarter, 2017, we also saw in Germany the launch of NOxOFF by Poburski Dachtechnik. It is important to see our German bitumen customers grow their market. More and more providers chip into the important message about using existing possibilities to reduce NOx. Our German bitumen NOxOFF customer Binne Dachbahnen continues to see growth in projects. The feedback from the German market is that photocatalysis is a high growth market. We estimate that our customers in Germany will see a ten fold increase in photocatalytic membranes sold and installed in the market compared to last year.

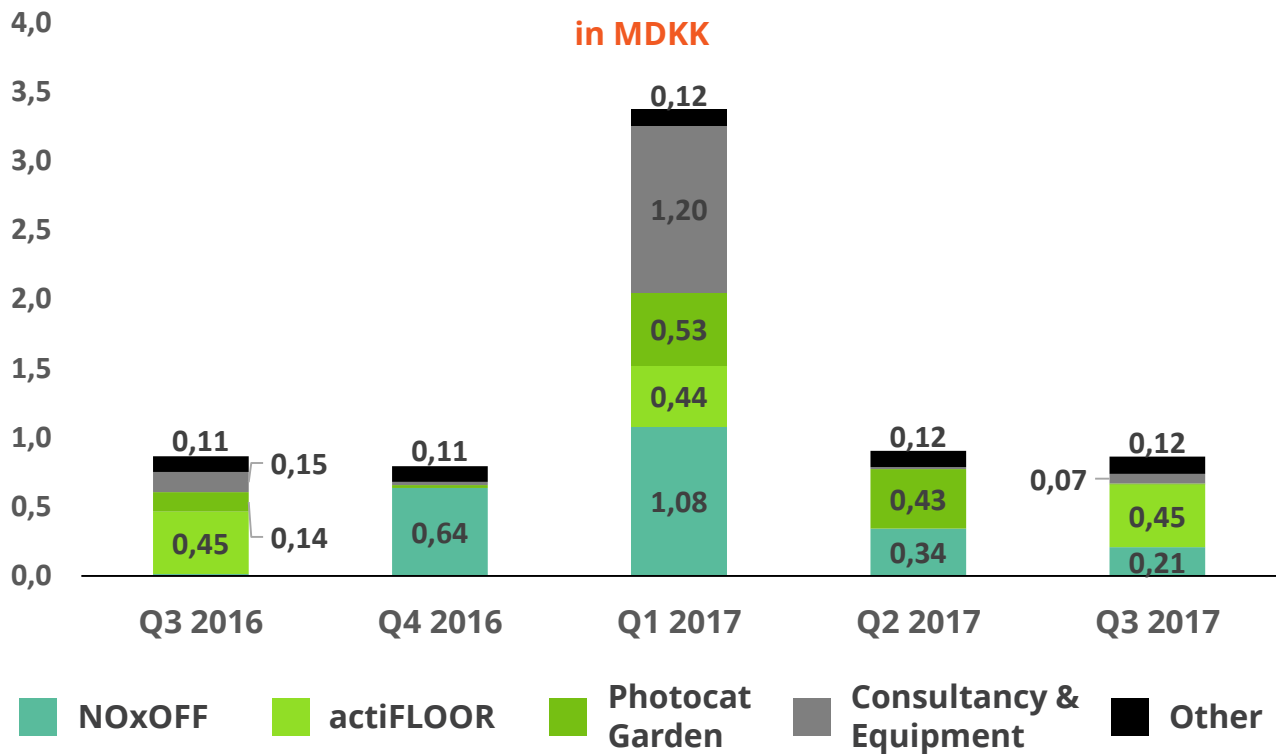
In August the first public reference project in Norway was installed, a high school in Arendal secured by our Norwegian NOxOFF concrete partner Asak. In Sweden our concrete customer S:T Eriks launched its new brand S:T Eriks air⁺ in September. The launch of air⁺ by S:T Eriks was very well received and we see great potential in air⁺.

Moving forward we will continue to build the market for photocatalysis in Germany, Spain and Scandinavia. We will do this together with our customers from the bottom up. At the same time we will continue to assess the company cost structure and implement changes. One example is that during the last quarter we have digitalized our production setup, leading to more efficient production time, energy utilization and scalability.

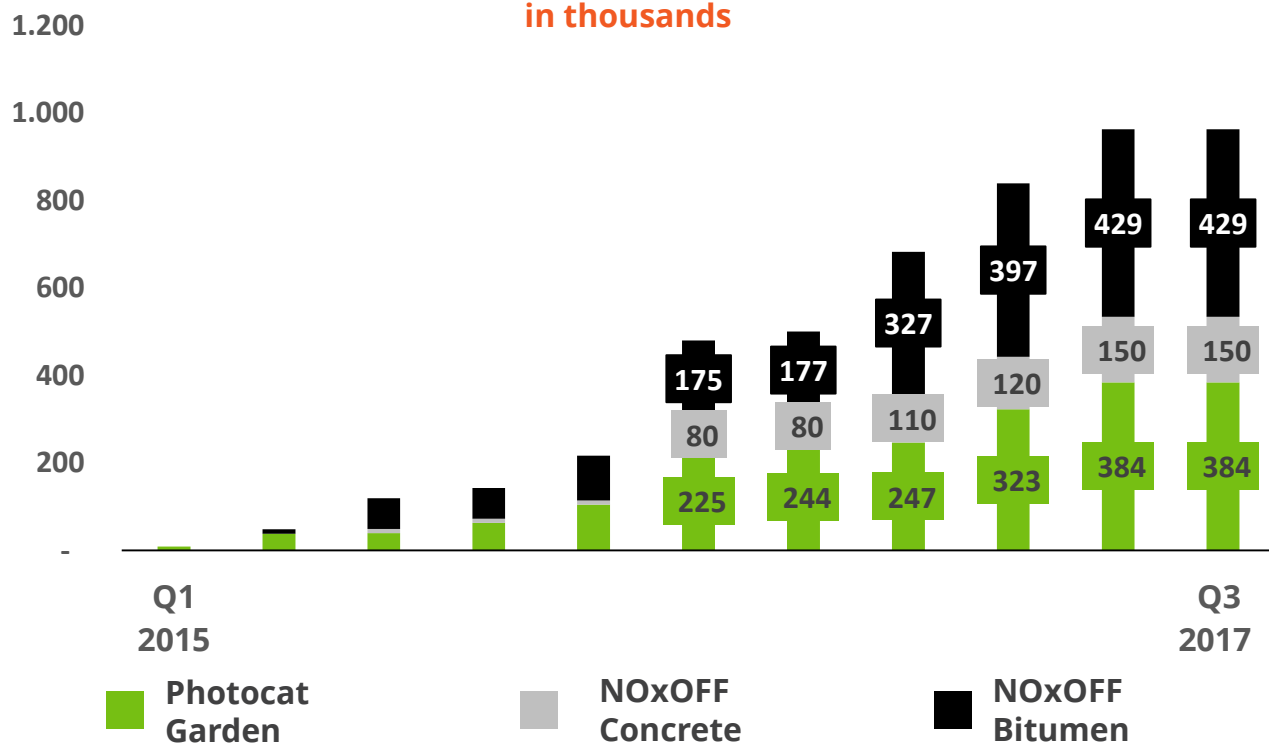
* According to one of the major TiO₂ manufacturers the global market size for photocatalytic technology is estimated at \$ 1.8 billion in 2017 and expected to grow by 12.6 % per annum and reach \$ 2.6 billion in 2020. We see a substantially stronger growth for our clients and the Photocat technology platform appears to be gaining market share in the concrete and bitumen space.

SUMMARY

REVENUE DEVELOPMENT, BY PRODUCT SEGMENT
in MDKK

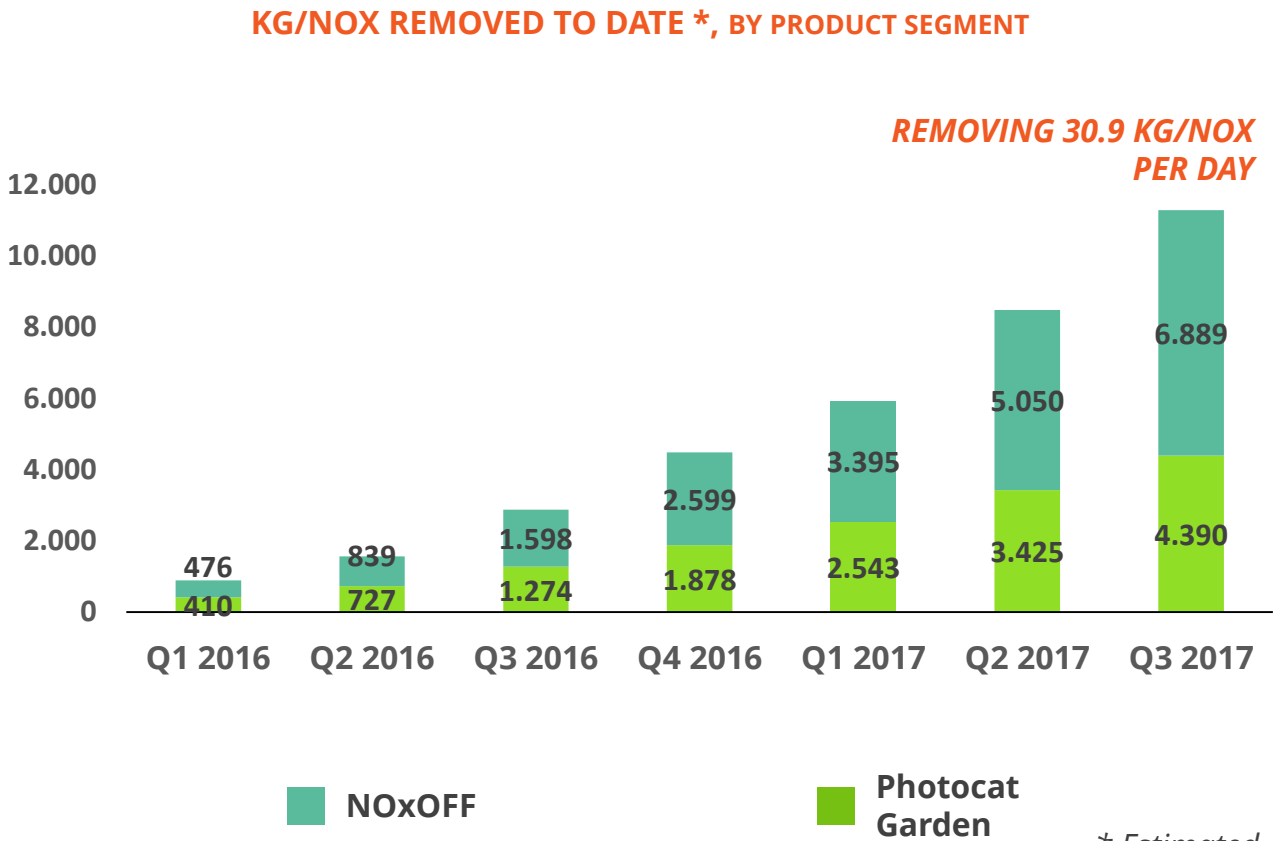
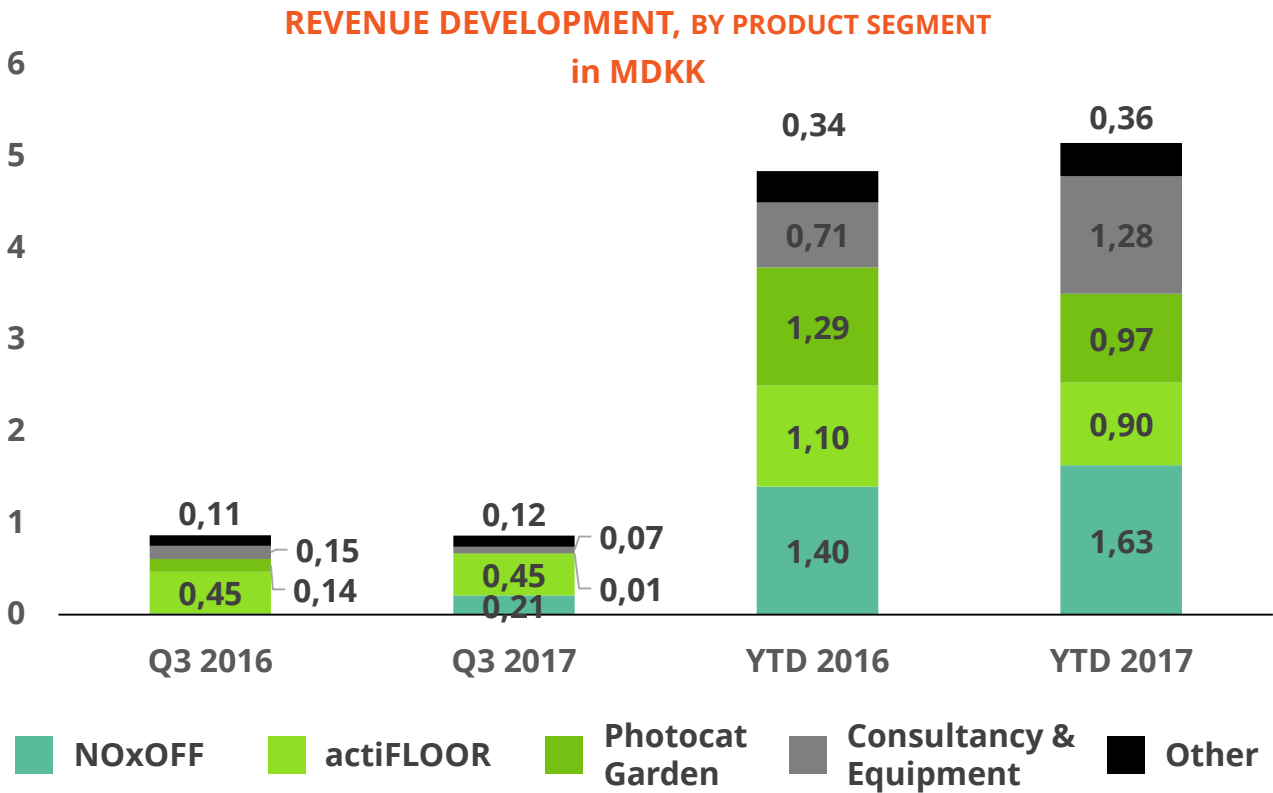


TREATED PHOTOCATALYTIC m²*, BY SURFACE TYPE
in thousands



* Estimated

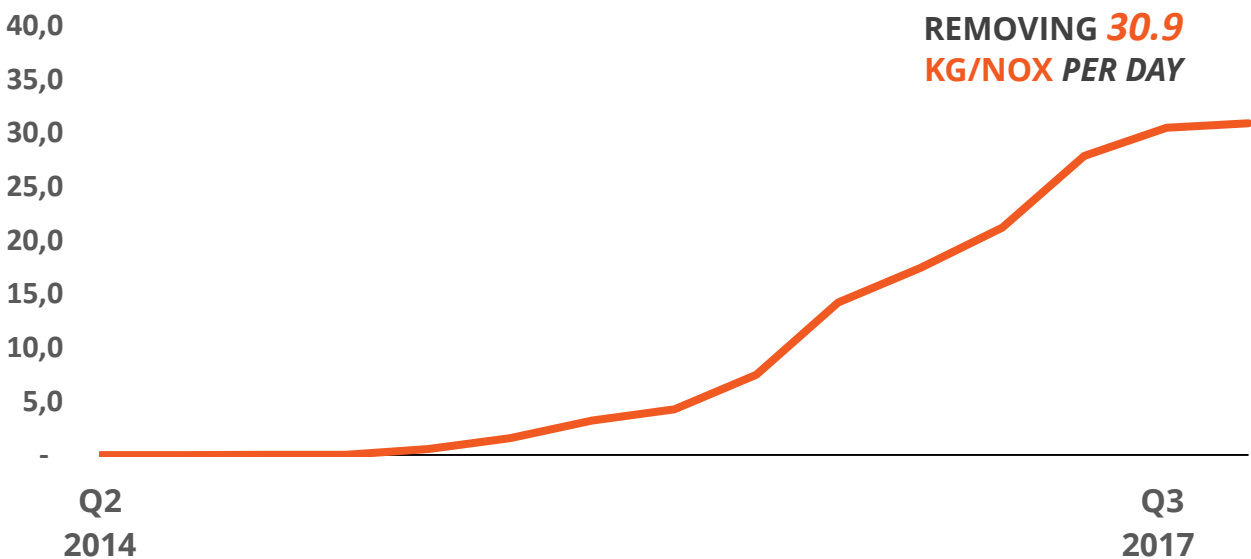
SUMMARY



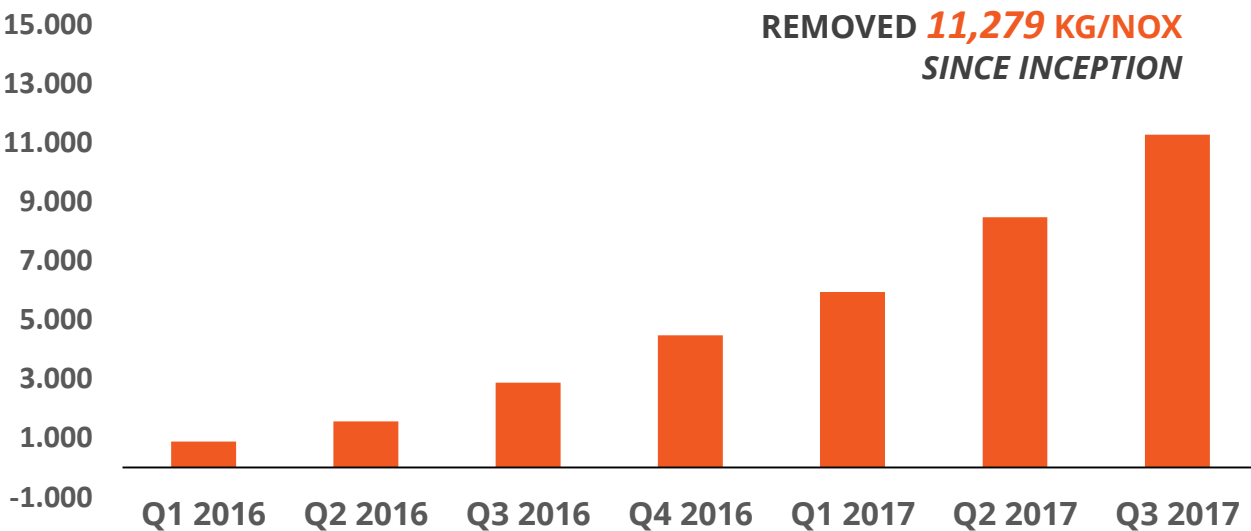
* Estimated

ENVIRONMENTAL IMPACT

Daily NOx removed is equivalent to **515 thousand driven kilometres***



Total NOx removed is equivalent to **188 million driven kilometres***



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

SUPPORTING THE UN SDGs



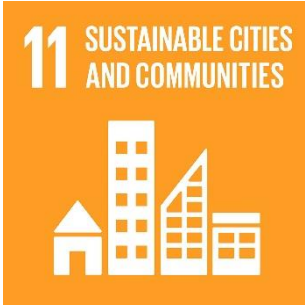
Our photocatalytic technology directly supports two of the UN Sustainable Development Goals: Goal #3 and goal #11. By reducing the concentrations of both NOx and VOCs in the air we are reducing the amount of toxic gasses that go through our respiratory system. Both NOx and VOCs lead to negative health implications such as asthma, lung cancer, stroke and heart disease.

Both Goal #3 and #11 call for attention and action regarding air quality. At Photocat we believe in and work towards a future with cleaner air, our technology is specifically designed for this purpose and we contribute to these goals on a daily basis by removing 26 Kg/NOx per day.



Goal 3. Ensure healthy lives and promote well-being for all at all ages

SDG Target: By 2030, **substantially reduce the number of deaths and illnesses from hazardous chemicals and air**, water and soil pollution and contamination.



Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

SDG Target: By 2030, reduce the adverse per capita environmental impact of cities, including by paying **special attention to air quality** and municipal and other waste management

More than half of the world's population lives in cities, and by 2030, it is expected that this number will increase to approximately 60% (UN, 2016). Furthermore, in urban areas, over 90 % of the population is exposed to levels of pollution which are above the World Health Organization's (WHO) guidelines for health protection.

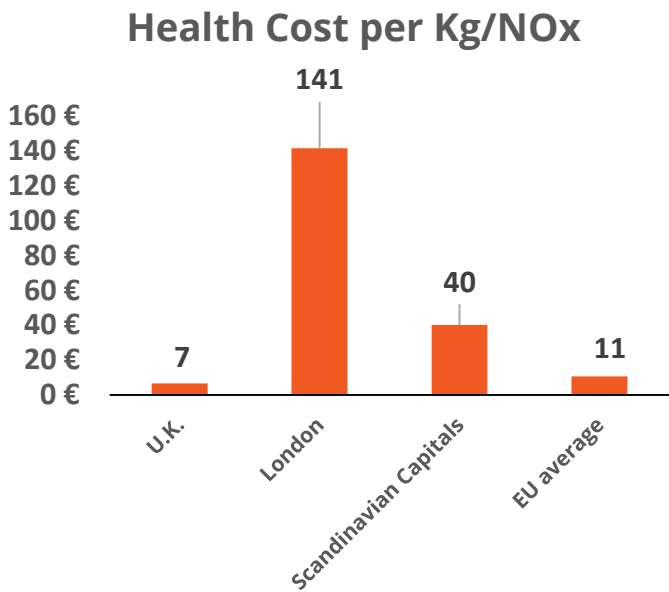
NOxOFF reduces pollution where the problem is and mitigates NOx emissions especially in urban areas.

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 NOx, 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 NOx 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 NOx emissions are therefore found in urban areas, which further enforces that more people are exposed to NOx emissions, as more people live in urban rather than rural areas (OECD, 2015). Moreover, the NOx 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 NOx emission in the EU is 9.3 billion kilograms per year (RICARDO-AEA, 2014). NOx 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 NOx emissions are increasing these both directly as well as indirectly (OECD, 2015). The official numbers for societal health cost in relation to NOx emissions and concentrations show a significant difference between the cost of 1kg/NOx in cities with more than 100.000 habitants compared to the national level. As an example the cost of NOx 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 solution to combat air pollution and more specifically to lower the NOx emission level is the photocatalytic technology, as it directly mitigates NOx emissions especially in urban areas.

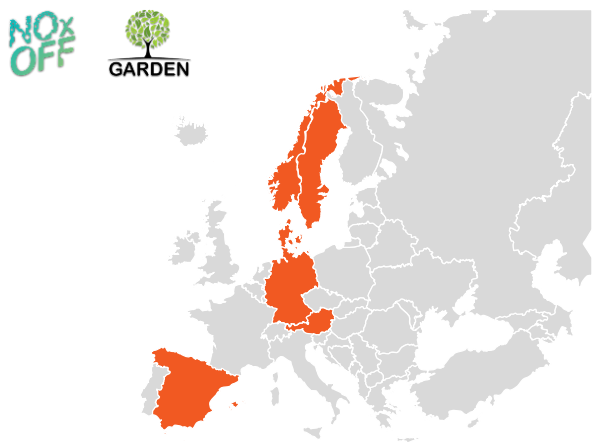
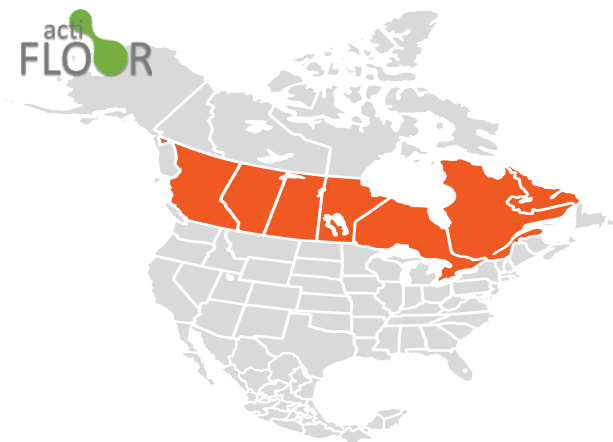
THE PHOTOCATALYTIC TECHNOLOGY

The NOxOFF™ and actiFLOOR™ technology developed by Photocat is the leading photocatalytic technology for building materials such as concrete, bitumen membranes and hardwood floors. The technology behind NOxOFF™ is to date the most tested technology regarding real life tests. The NOxOFF technology is tested in a two-year demonstration case at Copenhagen airport, funded by the Danish Market Development Fund, where it was documented that the technology mitigated the NOx concentration with an average of 13 % during the tested period. Additionally, it was documented that during peak hours, both regarding natural sunlight and the highest concentration of NOx emissions, the effectiveness was up to a 24 % mitigation of NOx.

Photocat holds the right to commercially exploit 36 approved patents and 56 pending patents worldwide that protects the NOxOFF™ and actiFLOOR™ technology and application method. The technology is today available across three surface materials in Europe and North America. To date, the technology is deployed across 1 million square meters and **on a daily basis Photocat removes 30.9 kg/NOx** from the air we breathe.

A short description of the Roskilde Report, by Photocat: The report has studied and documented that the photocatalytic technology is both a tangible and economic cost-effective instrument to clean the air in cities with a life-sustaining NOxOFF treatment of 5,000 m2 in the parking lots of Skt. Peder-/Skt. Ols Stræde and Bønnelyckes Plads. An optimized photocatalytic treatment to the asphalt surface in Roskilde municipality was developed for the project. At the same time an in-situ set-up was developed enabling to test the activity of the photocatalytic treatment in the test period of three years. Based on the test result it was concluded that the photocatalytic NOxOFF treatment is stable over time by which it can be concluded that if an incoming solar radiation of 563 kWh/m2 per year containing 5 % of UV light is used the two parking lots clean the air for 13.8 g NOx/m2 yearly, which in total amount to 69 kg per year for the parking lots. Finally, it was concluded that the two parking lots amount to a socioeconomic profit of DKK 13.0 per m². Based on the report's results it is highly recommended to incorporate active surfaces in restoration and new construction in Roskilde municipality.

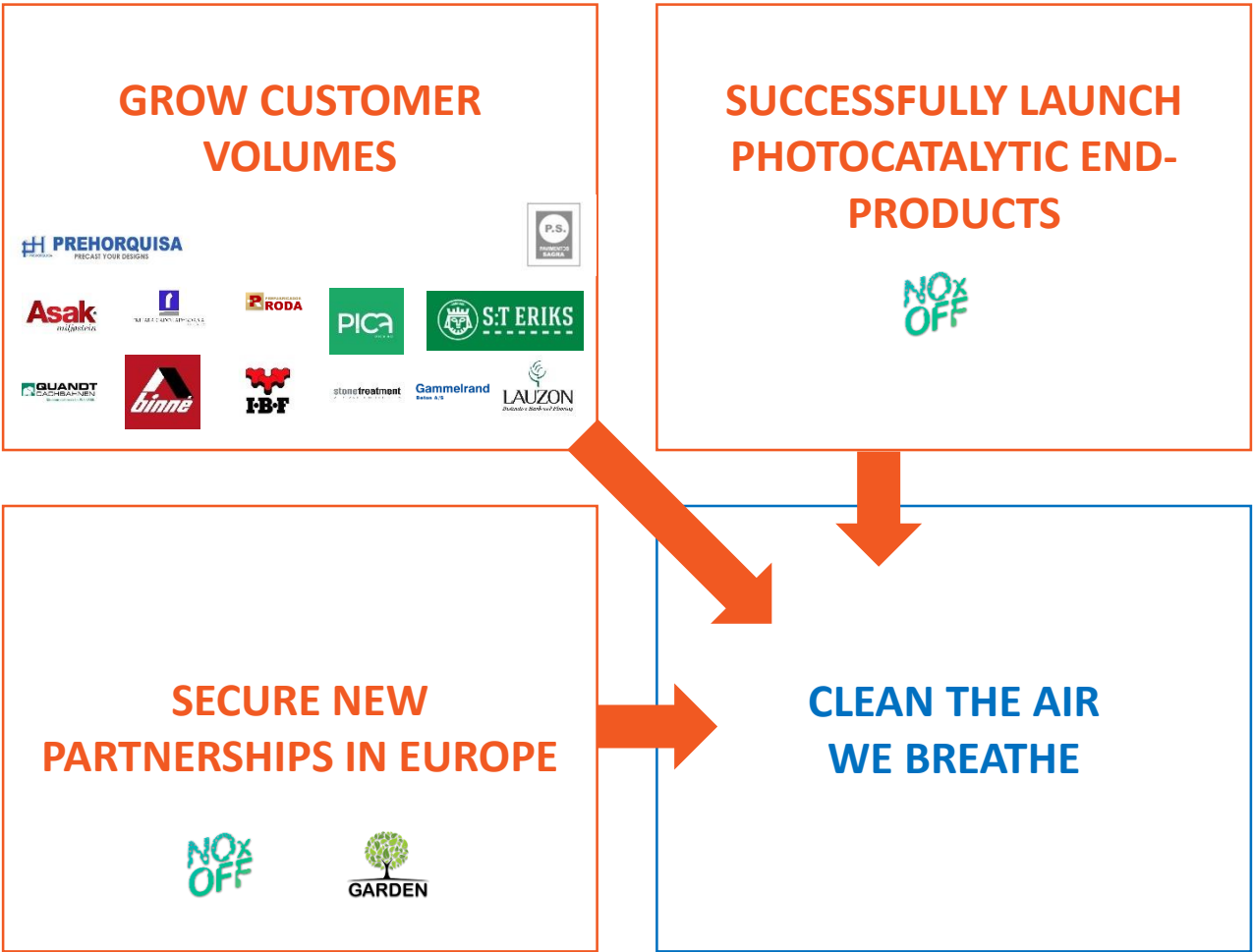
The report is expected to be published for the public later this year.



MARKET STRATEGY

In 2017 we will leverage the partnerships established in Denmark, Sweden, Norway, Germany and Spain. We are actively assisting our partners by helping launch end-products, build awareness and engage decision makers in both the private and public market. All current partnerships should launch end-products with the NOxOFF™ and Photocat Garden™ technology during 2017.

With a hands-on approach we aim to show that our technology is both a societal and financial value creator that drives demand for our clients. The numbers are moving in the right direction and the business case for photocatalysis and our NOxOFF offering is continuously substantiated by the performance of our clients who are using it to win projects and enter new sales channels previously not available for them. We believe that as this story continues the business case, as well as the societal aspect, of this technology will become apparent and incorporated on an increasing amount of our partners product portfolio. In 2017 Asak Miljøstein has already launched its products with NOxOFF™, our Spanish partners have secured their first projects and Photocat Garden is in the process of being rolled out in five countries through private label distribution partnerships.



INCOME STATEMENT

Amounts in DKK '000s	Notes	Q3 2017	Q3 2016	YTD 2017	YTD 2016	FY 2016	FY 2015
Revenue		749.4	751.7	4,797.3	4,499.2	5,180.5	2,360.7
Other operating income	1	113.6	113.6	340.8	340.8	454.4	454.4
Expenses for raw materials and consumables		- 167.8	- 501.4	- 1,170.2	- 1,558.5	- 2,114.4	- 713.0
Other external expenses	2	- 1,365.6	- 1,483.1	- 4,414.1	- 4,230.0	- 6,114.4	- 3,630.4
Gross profit		- 670.4	- 1,119.2	- 446.2	- 948.5	- 2,593.9	- 1,528.4
Staff expenses		- 1,253.4	- 1,336.7	- 3,712.5	- 3,326.0	- 4,747.6	- 2,475.2
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		- 526.1	- 605.6	- 1,837.8	- 1,824.1	- 2,426.4	- 2,373.4
Profit/loss before financial income and expenses		- 2,449.9	- 3,061.4	- 5,996.5	- 6,098.5	- 9,767.9	- 6,377.0
Financial expenses		9.8	- 34.0	- 206.1	- 135.2	- 187.0	- 367.7
Profit/loss before tax		- 2,440.1	- 3,095.3	- 6,202.6	- 6,233.7	- 9,782.4	- 6,299.4
Tax		69.7	-	244.7	110.2	172.4	445.3
Net profit/loss		- 2,370.4	- 3,095.3	- 5,957.9	- 6,123.5	- 9,782.4	- 6,299.4
Earnings per share		- 0.79	- 1.31	- 1.99	- 2.60	- 4.15	- 3.18

BALANCE SHEET

ASSETS

Amounts in DKK '000s	Notes	Q3 2017	Q3 2016	FY 2016	FY 2015
Completed development projects		6,133.9	7,299.6	8,356.4	9,030.1
Acquired patents		99.4	321.2	259.1	507.6
Development projects in progress	3	3,161.5	2,338.6	1,161.0	1,017.1
Intangible Assets		9,394.8	9,959.4	9,776.1	10,554.9
Plant and machinery		1,989.4	2,418.9	2,301.5	2,788.5
Property, plant and equipment		1,989.4	2,418.9	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		11,674.5	12,668.6	12,367.9	13,633.7
Inventories		781.6	848.5	957.8	1,100.2
Trade receivables		1,977.3	2,174.9	1,741.1	890.6
Receivables from group enterprises		0.0	39.8	60.4	39.8
Other receivables		234.6	228.9	236.4	355.7
Deferred tax assets		0.0	82.9	0.0	82.9
Corporation tax		500.0	474.1	255.3	363.9
Prepayments		207.1	224.1	238.7	204.6
Receivables		2,919.0	3,224.7	2,531.9	1,937.4
Cash at bank and in hand		1,085.5	3,100.3	172.4	3,134.7
Current assets		4,786.1	7,173.4	3,662.0	6,172.2
Assets		16,460.6	19,842.0	16,029.9	19,805.9

BALANCE SHEET

LIABILITIES & EQUITY

Amounts in DKK '000s	Notes	Q3 2017	Q3 2016	FY 2016	FY 2015
Share capital	5	3,000.0	2,356.3	2,356.3	1,980.5
Retained earnings		9,568.4	10,511.7	6,852.7	10,477.4
Equity		12,568.4	12,868.0	9,209.0	12,457.9
Subordinate loan capital		-	-	-	-
Credit institutions		-	1,857.8	955.0	1,535.0
Trade payables		-	-	-	-
Payables to shareholders and managements		20.5	18.8	20.9	17.6
Deferred income		1,666.2	2,120.6	2,007.0	2,461.4
Long-term debt		1,686.7	3,997.2	2,982.9	4,014.0
Credit institutions		-	-	446.7	402.1
Trade payables		782.8	1,982.2	2,171.2	1,956.8
Other payables		968.3	540.3	765.7	520.7
Deferred income	1	454.4	454.4	454.4	454.4
Short-term debt		2,205.5	2,976.9	3,838.1	3,334.0
Debt		3,892.2	6,974.1	6,820.9	7,348.0
Liabilities & Equity		16,460.6	19,842.0	16,029.9	19,805.9

CASH FLOW STATEMENT

Amounts in DKK '000s	Notes	YTD 2017	YTD 2016	FY 2016	FY 2015
Net profit/loss		- 5,957.9	- 6,123.5	-9,782.5	- 6,299.4
Adjustments		1,458.4	1,508.2	1,984.5	1,841.4
Change in working capital		- 1,213.0	- 880.4	- 159.8	- 1,303.7
Cash flow from operating activities before financial income and expenses		- 5,712.5	- 5,495.6	- 7,957.8	- 5,761.7
Financial expenses		-206.1	- 135.2	- 187.0	- 367.7
Cash flow from ordinary activities		- 5,918.6	- 5,630.8	- 8,144.8	- 6,129.4
Corporation tax paid		-	-	363.9	509.1
Cash flow from operating activities		- 5,918.6	- 5,630.8	- 7,780.9	- 5,620.3
Purchase of property, plant and equipment		- 1,112.2	- 859.0	- 1,160.6	- 1,590.0
Purchase of tangible fixed assets		- 32.3	-	-	- 35.0
Other adjustments		-	-	-	-
Cash flow from investing activities		- 1,144.5	- 859.0	- 1,160.6	- 1,625.0
Increase in loans from credit institutions		- 1,401.6	- 79.3	- 535.4	- 1,130.2
Repayment of payables to group enterprises		60.4	1.2	20.6	8.1
Change in payables, stock and suppliers		-	-	-	-
Capital increase		9,317.4	6,533.6	6,493.9	9,224.0
Cash flow from financing activities		7,976.2	6,455.4	5,979.1	10,362.3
Change in cash and cash equivalents		913.1	- 34.4	- 2,962.3	- 3,116.9
Cash and cash equivalents as of 1st of January		172.4	3,134.7	3,134.7	17.7
Cash and cash equivalents as of 30th of June		1,085.5	3,100.3	172.4	3,134.7

Cash and cash equivalents are specified as follows:

Cash at bank and in hand	1,085.5	3,100.3	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	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Marketing costs	- 364.9	- 368.8	- 1,210.8	- 978.7
Premises	- 323.9	- 305.6	- 903.7	- 887.7
Other costs	- 676.8	- 808.6	- 2,299.6	- 2,363.6
Total other external expenses	- 1,365.6	- 1,483.1	- 4,414.1	- 4,230.0

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

Fourth Quarter 2017	[01.10.2017 – 31.12.2017]
▪ Releases on the 16 th of February 2018	
Annual Report	[01.01.2017 – 31.12.2017]
▪ Releases on the 11 th of April 2018	
Annual General Meeting 2018	
▪ Held on the 30 th of April 2018	
First Quarter 2018	[01.01.2018 – 31.03.2018]
▪ Released on the 30 th of April 2018	
Second Quarter 2018	[01.04.2018 – 30.06.2018]
▪ Released on the 28 th 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.