



PHOTOCAT

CLEANING THE AIR WE BREATHE

BY DEGRADING NO_x AND VOC's
IN THE CITIES WE LIVE

INTERIM REPORT Q3 2018

PHOTOCAT A/S PCAT CORP, ID NO, 32357903

Q3 2018: SUMMARY

Main highlights during the third quarter of 2018

- Lauzon Flooring reports 83 % growth for Pure Genius compared to same quarter last year and 21 % stronger compared to last quarter.
- Photocat issued 248,928 shares in a direct issue securing SEK 1.9 million kr. in new equity.
- Photocat performed real-life test of the S:T Eriks traffic elements. The test was filmed and can be seen here:
<https://www.youtube.com/watch?v=37cRkFQOkSY&feature=youtu.be>
- The City of Copenhagen includes Photocat in the budget for 2019.
- Photocat & Binné & Sohn showcase the NOxOFF technology at the NordBau 2018.
- 3rd quarter revenue and other operating income is up 11.4 % compared to same period last year.
- Year-to-date revenue and other operating income is down 9.4 % compared to same period 2017.
- Year-to-date revenue from sales of photocatalytic dispersions is up 12.2 % compared to same period 2017.

Main highlights after the third quarter of 2018

- Successfully participated at the Danish Conference, Building Green, with a first ever real-life demonstration of photocatalytic acoustic panels for indoor application.
- The first NOxOFF project secured in the Municipality of Frederiksberg (Langelands plads).

Amounts in DKK '000s	1 Jul – 30 Sep 2018	1 Jul – 30 Sep 2017	Year-to-date 2018	Year-to-date 2017	Full Year 2017**
Revenue from photocatalytic fluid	654.6	669.5	3,984.3	3,551.3	4,303,4
Revenue from Consultancy, Equipment & Other	307.2	193.5	669.9	1,586.8	1,767,4
Gross Profit	-334,7	-670.4	267,1	-446.1	-327,8
EBITDA	-1,264.1	-1,530.5	-2,062.1	-3,765.4	-4,537.0
P/L before Tax	-1,788,0	-2,046.8	-3,802,9	-5,809.4	-7,150,2
Net Profit	-1,788.0	-1,977.1	-3,717,6	-5,564.7	-6,827,6
Total Assets	16,411.1	16,460.6	16,411.1	16,460.6	15,981,3
Equity	8,969.8	12,568.4	8,969.8	12,568.4	11,320,7
Debt	7,441.4	3,892.2	7,441.4	3,892.2	4,610,5
Cash at Hand	883.8	1,085.5	883.8	1,085.5	811,1

** Audited

CEO LETTER

The third quarter of 2018 shows a growth in revenue and other operating income of 11.4 % compared to the third quarter in 2017. On a year-to-date basis revenue and other operating income is down 9.4 % compared to year-to-date 2017. This is due to sales of equipment in 2017. The next wave of equipment sales is part of our project/customer pipeline. It is difficult to come with precise timing estimates. Looking more specifically at revenue from the sales of photocatalytic dispersions the Company has year-to-date a growth of 12.2 % compared to 2017.



Michael Humle
CEO

Sales to our existing clients are growing and we experience reoccurring orders. The customer base is relatively narrow, yet with a strong pipeline and, even more importantly, growing recognition in the public domain. We therefore expect a widening client portfolio going forward.

The final cost alignment initiatives were fully implemented in the third quarter of 2018. As previously communicated Photocat has a strong focus on reaching positive EBITDA. Costs related to staff and other external expenses are year-to-date reduced by 24.5 % compared to same period 2017.

The season for Photocat Garden has ended in Denmark for this year but smaller orders were shipped to Spain and the Czech Republic. The year to date performance is up 21.9 % from same period last year. The strategy since 2017, where we experienced a substantial lower sales volume in Denmark, has been to diversify our geographical market penetration in Europe. This will continue going forward.

The revenue in the Spanish market for photocatalytic dispersion has year-to-date delivered growth of 128.9 % compared to same period last year. The growth is both due to new clients within architectural concrete elements and reoccurring sales to concrete tile manufacturers. The Spanish market for photocatalysis is one of the early adopters in Europe, with several technology providers. We are proud to have been able to attain a substantial market share and continue to focus on raising awareness and the standard of quality. We estimate continued growth and further increase in market share for Photocat.

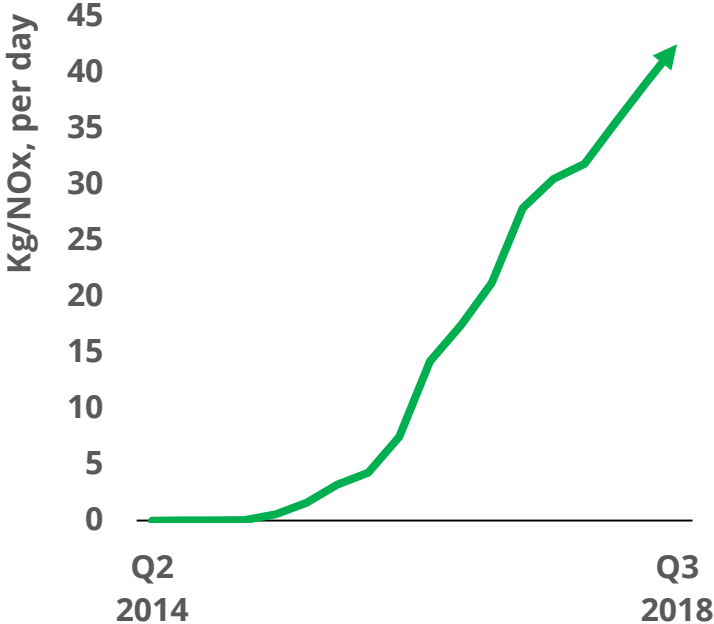
Our ShineOn partner, Renotech, continues to obtain his first reference projects in Europe. The incoming progress reports also show interesting projects in the pipeline for 2019. We are growingly optimistic of the development but hold a conservative view on the short term revenue impact from ShineOn.

In Denmark we continue to work on influencing the public demand with a focus on the Municipality of Frederiksberg and the Municipality of Copenhagen to increase their implementation of the technology, which is already part of the budget for 2019.

Our indoor technology continues to grow with a year-to-date growth of 10.4 % compared to same period last year. We expect continued strong growth for this segment in 2019 with the continuing sales effort of Lauzon flooring in Europe, together with the expected launch of air purifying acoustic ceiling panels by Fibrolith.

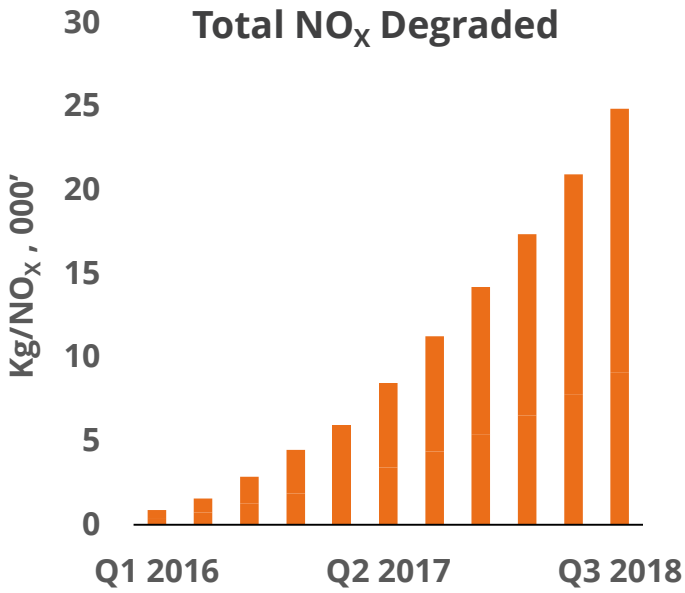
ENVIRONMENTAL IMPACT

Currently degrading 42.5 Kg/NO_x per day, equivalent to 258.6 million driven km by a euro 6 car per year

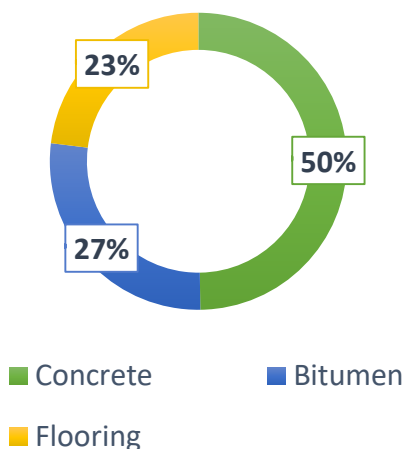


MORE THAN 1 MILLION m² WITH PHOTOCATALYTIC SURFACES DELIVERED

Total NO_x removed is 24,870 KG/NO_x since inception

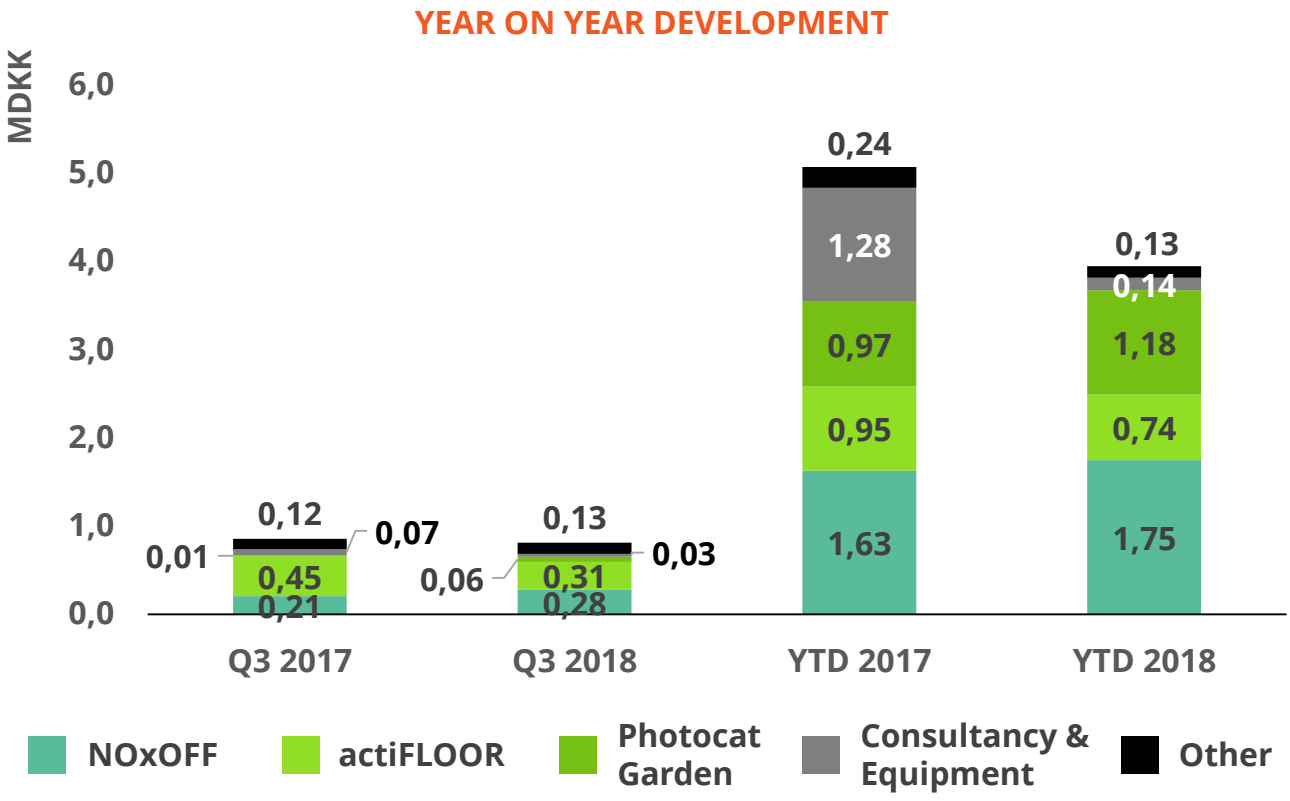
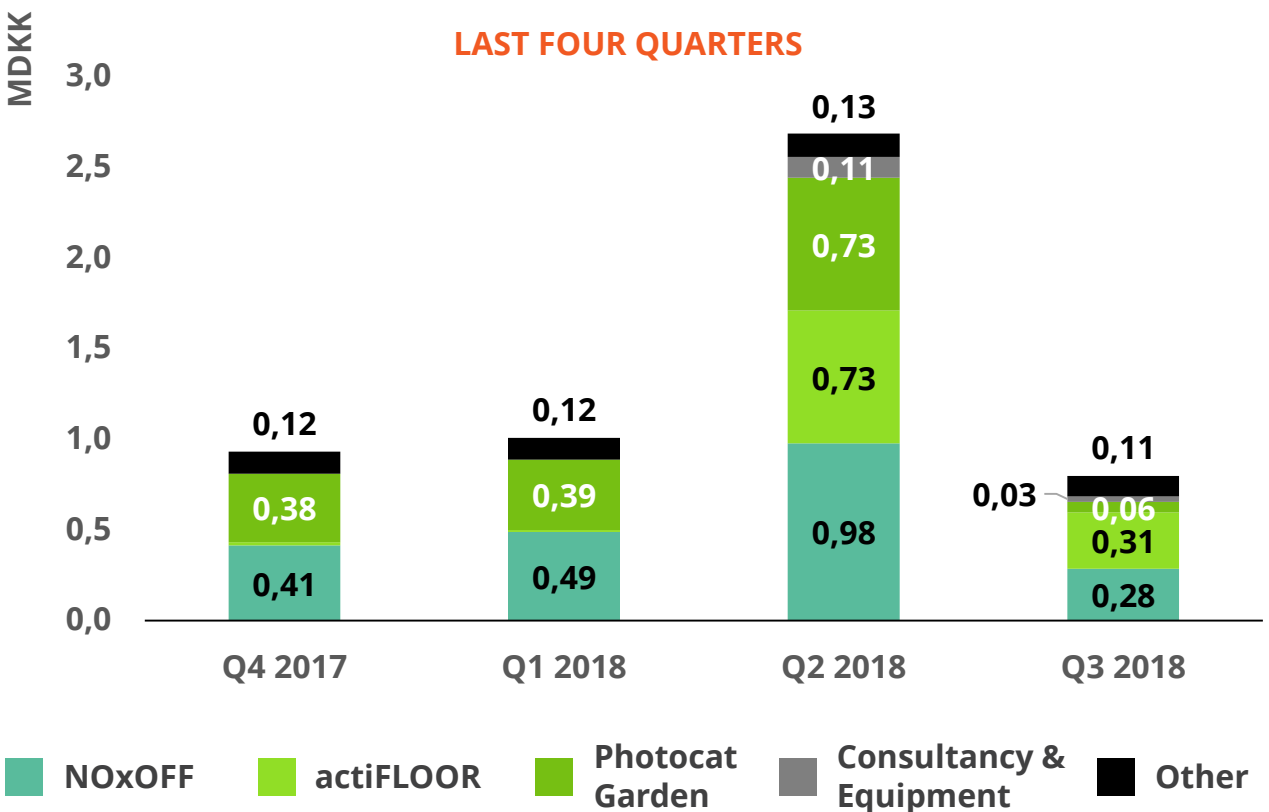


Distribution of Photocatalytic m²



* Estimated

REVENUE DEVELOPMENT



INCOME STATEMENT

Amounts in DKK '000s	NOTES	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017	FY 2016
Revenue		712.5	749.4	4,177.7	4,797.3	5,616,4	5,180,5
Other operating income	1	249.3	113.6	476,5	340.8	454,4	454,4
Expenses for raw materials and consumables		-111,2	-167.8	-879.8	-1,170.2	-1,829,6	- 2,114,4
Other external expenses	2	-1,185,2	-1,365.6	-3,507,3	-4,414.1	-4,569,0	- 6,114,4
Gross profit		-334,7	-670.4	267.1	-446.1	-327,8	- 2,593,9
Staff expenses		-929.4	-860.1	-2,329.2	-3,319.3	-4,209,2	- 4,747,6
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-483.4	-526.1	-1,492.8	-1,837.9	-2,356,9	- 2,426,4
Profit/loss before financial income and expenses		-1,747.4	-2,056.8	-3,554.9	-5,603.3	-6,893,9	- 9,767,9
Financial expenses		-40,6	9.8	-247,9	-206.1	-256,3	- 187,0
Profit/loss before tax		-1,788,0	-2,046.8	-3,802,9	-5,809.4	-7,150,2	- 9,954,9
Tax		-	69.7	85,3	244.7	322,6	172,4
Net profit/loss		-1,788,0	-1,977.1	-3,717,6	-5,564.7	-6,827,6	- 9,782,5
Earnings per share		DKK -0,55	DKK -0,66	DKK -1,14	DKK -1,85	DKK -2,28	DKK -3,26

BALANCE SHEET, assets

Amounts in DKK '000s	NOTES	Q3 2018	Q3 2017	FY 2017	FY 2016
Completed development projects		5,002.5	6,133.9	7,795.3	8,356.4
Acquired patents		296.4	99.4	358.9	259.1
Development projects in progress	3	4,078.5	3,161.7	1,466.1	1,160.6
Intangible Assets		9,377.3	9,394.8	9,620.3	9,776.1
Plant and machinery		1,603.3	1,989.4	1,901.4	2,301.5
Property, plant and equipment		1,603.3	1,989.4	1,901.4	2,301.5
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		11,270.9	11,674.5	11,812.0	12,367.9
Inventories		812.0	781.6	1,091.0	957.8
Trade receivables		2,693.6	1,977.3	1,533.8	1,741.1
Receivables from group enterprises		-	0.0	0.0	60.4
Other receivables		187.1	234.6	236.9	236.4
Deferred tax assets		-	-	0	0
Corporation tax		407.8	500.0	322.6	255.3
Prepayments		155.9	207.1	173.9	238.7
Receivables		3,444.4	2,919.0	2,267.2	2,531.9
Cash at bank and in hand		883.8	1,085.5	811.1	172.3
Current assets		5,140.2	4,786.1	4,169.3	3,662.0
Assets		16,411.1	16,460.6	15,981.3	16,029.9

BALANCE SHEET, liabilities & equity

Amounts in DKK '000s	NOTES	Q3 2018	Q3 2017	FY 2017	FY 2016
Share capital	4	3,248.9	3,000.0	3,000,0	2,356,3
Retained earnings		5,720.8	9,568.4	8,320,7	6,852,7
Equity		8,969.8	12,568.4	11,320,7	9,209,0
Other provisions		-	-	50,0	-
Provisions		-	-	50,0	-
Subordinate loan capital		-	-	-	-
Credit institutions		824.9	-	375,0	955,0
Trade payables		-	-	-	-
Payables to shareholders and managements		12.2	20.5	10,9	20,9
Deferred income		1,653.9	1,666.2	1,552,6	2,007,0
Long-term debt		2,491.1	1,686.7	1,938,5	2,982,9
Credit institutions		621.3	-	782,4	446,7
Trade payables		1,131.7	782.8	719,9	2,171,2
Other payables		2,742.9	968.3	715,4	765,7
Deferred income	1	454.4	454.4	454,4	454,4
Short-term debt		4,950.3	2,205.5	2,672,1	3,838,0
Debt		7,441.4	3,892.2	4,610,5	6,820,9
Liabilities & Equity		16,411.1	16,460.6	15,981,3	16,029,9

CASH FLOW STATEMENT

Amounts in DKK '000s	NOTES	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Net profit/loss		-1,788.0	-1,977.1	-3,717.6	-5,957.9	-6,827,6
Adjustments		303.3	333.0	1,331.0	1,458.4	1,836,2
Change in working capital		696.7	162.5	-422.9	-1,213.0	-1,313,2
Cash flow from operating activities before financial income and expenses		-788.0	-1,481.6	-2,809.0	-5,712.5	-6,304,6
Financial expenses		-40.6	9.8	- 247.9	-206.1	-256,3
Cash flow from ordinary activities		-828.6	-1,471.8	-3,056.9	-5,918.6	-6,560,9
Corporation tax paid		-	-	-	-	255,3
Cash flow from operating activities		-828.6	-1,471.8	-3,056.9	-5,918.6	-6,305,6
Purchase of property, plant and equipment		222.5	-316.8	-525.8	-1,112.2	-1,751,3
Purchase of tangible fixed assets		-	-	-	-32.3	-49,7
Other adjustments		-	-	-	-	-
Cash flow from investing activities		222.5	-316.8	- 525.8	-1,144.5	-1,801,0
Increase in loans from credit institutions		-146.4	0,0	288.8	-1,401.6	-244,3
Repayment of payables to group enterprises		0.0	-	0.0	60.4	50,3
Change in payables, stock and suppliers		0.0	-	2,000.0	-	-
Capital increase		1,366.6	-	1,366.6	9,317.4	8,939,3
Cash flow from financing activities		1,220.2	0.0	3,655.4	7,976.1	8,745,3
Change in cash and cash equivalents		614.1	-1,788.5	72.2	913,1	638,7
Cash and cash equivalents as of beginning of period		269.7	2,874.0	811.1	172.4	172,4
Cash and cash equivalents as of end of period		883.8	1,085.5	883.8	1,085.5	811,1

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 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017	FY 2016
Marketing costs	-417.1	-364.9	-1,115.0	-1,210.8	-1,280.1	-1,676.0
Premises	-287.1	-323.9	-820.1	-903.7	-1,134.1	-1,190.9
Other costs	-481.0	-676.8	-1,572.2	-2,299.6	-2,154.7	-3,247.5
Total other external expenses	-1,185.2	-1,365.6	-3,507.3	-4,414.1	-4,569.0	-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 – Share Capital

The Company's share capital is DKK 3,248,928 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

4th of February 2019

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

25th of April 2019

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

25th of April 2019

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

19th of August 2019

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

Event

Next Annual General Meeting to be held on the 25th 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,