

**WE CLEAN THE AIR WE BREATHE**

**PHOTOCAT**

**INTERIM REPORT H1 2023**

# H1 2023: SUMMARY

## Highlights during the first half year of 2023

- Revenue growth of 37,8 % compared to H1 2022
- Photocat turns EBITDA positive H1 2023
- Significant growth in Photocat Garden with 170,2% though partnership with Nanostone
- Double digits growth despite challenges with building material across almost all our markets
- The company maintains its guidance for 2023 with a turnover of 17-18,5 mDKK, and a positive EBITDA of 0-1 mDKK.

## Highlights after 30 June 2023

- Together with our partner Laborat and the Generalitat de Catalunya, we have just finished applying the first 105,000 SQM of NOxOFF on a highway near Barcelona in Spain.

Amounts in DKK '000s	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	Full Year 2022
Revenue	8,668	6,291	14,840
Gross Profit	3,728	1,677	4,458
EBITDA	808	-724	-911
P/L before Tax	-548	-1,982	-3,424
Net Profit	-349	-1,800	-2,986
Assets	25,101	24,049	22,613
Equity	13,817	15,351	14,165
Debt	11,284	8,698	8,447
Cash at Hand	443	712	90

# CEO Letter – MANAGEMENT UPDATE

**Dear Stakeholders,**

I am pleased to provide you with an overview of our company's performance during the first half of the year. This period has brought about notable shifts in the macroeconomic landscape, impacting markets across the globe, including some of our key regions. While macro-economic challenges have emerged, we remain steadfast in our commitment to bringing innovation and growth to our partners and customers, and hence securing growth in the underlying Photocat business.

Our sales performance has shown growth, with a 37.8% increase in turnover during the first half of 2023, reaching 8,668 tDKK from 6,291 tDKK in the first half of 2022. Additionally, we are pleased to report that we achieved positive EBITDA results for the first half of the year, recording 808 tDKK in H1 2023, compared to -724 tDKK in H1 2022

The core strength of Photocat lies in our ability to provide economic benefits through cleaner indoor and ambient air, coupled with reduced maintenance costs. This value proposition is becoming increasingly appealing, driven by the emphasis on CO<sub>2</sub> savings and the pursuit of optimal cost-effectiveness.

In Germany, the building material markets have faced challenges due to the evolving macroeconomic conditions. Similarly, North America's new housing markets have experienced a decline compared to previous years. Nevertheless, the demand for new housing remains robust, and we anticipate that the current market conditions will eventually turn in our favor.

In a recent collaboration with the Roskilde Festival in Roskilde, we conducted a study that demonstrated the effectiveness of dust-suppression CMA our technology in significantly reducing particle concentrations of PM<sub>1.0</sub> PM<sub>2.5</sub> and PM<sub>10</sub> during dry seasons. We are now dedicated to effectively disseminating these results to enhance our market attractiveness for our dust-suppression solution.

While our NOxOFF product has experienced a slight decrease in revenue by 3,6%, reaching 4,974 tDKK in H1 2023 from 5,157 tDKK in H1 2022, this decline is predominantly attributed to the Danish market's lower volume. Conversely, we have observed growth in the markets of Spain and UAE. The Norwegian market witnessed a decline due to a shift in focus towards permeable concrete solutions. Furthermore, while we have experienced delays in market programs in Belgium and Finland, we have noted slight growth in the bitumen markets.



# CEO Letter – MANAGEMENT UPDATE

The Photocat Garden segment has exhibited strength, achieving a remarkable growth of 170,2% from 463 tDKK in H1 2022 to 1,251 tDKK in H1 2023. Notably, our Nanostone partnership, previously announced, has contributed to this growth with higher delivered volumes. The success of our marketing campaign highlighting the climate and environmental benefits of Photocat's value propositions has also been instrumental. However, it is worth mentioning that the DIY market performance has fallen short of expectations, and our distributor's efforts to secure anticipated listings have encountered challenges.

Our ActiFloor product is yet to kick off and is a very small part of the business still – turnover was 52 tDKK in H1 2023, down from 106 tDKK in H1 2022. This decrease is primarily attributed to the slowdown in new home construction in North America. On a positive note, the test launch of Hygienius, a collaborative effort between Vålinge Innovation and sister company Bjelin, commenced in May 2023 in France. Moreover, ongoing negotiations with a prominent flooring company to adopt the Hygienius brand are underway.

Despite facing a challenging winter season with unusually high temperatures in key months for our primary markets in Poland and Germany, our Dust and ICE product segment contributed significantly to our revenue during the first half of the year, amounting to 2,352 tDKK.

In conclusion, our performance during the first half of the year reflects our resilience and determination to navigate through changing market dynamics. We remain focused on our commitment to innovation, sustainable solutions, and growth. We appreciate your ongoing support and look forward to the opportunities that lie ahead.

Best regards,

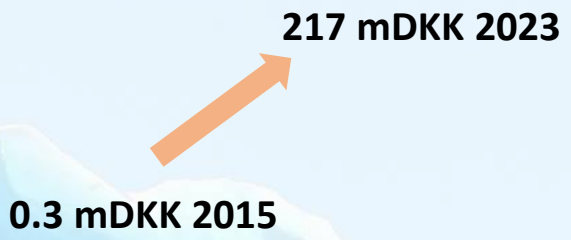
Michael Humle CEO,



# PHOTOCAT ENVIRONMENTAL IMPACT

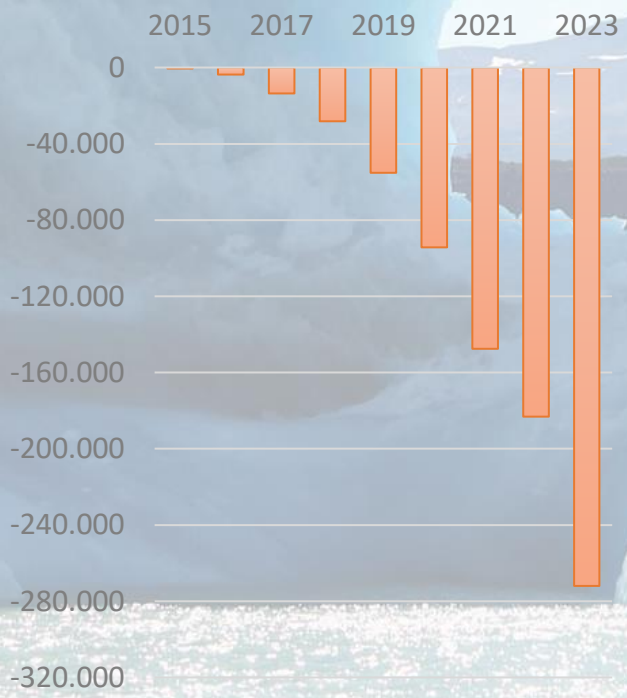


## Saved Health Cost - Improved Life Quality



The value of accumulated health benefits of removed NOx amount to DKK 217m in 2023  
Source: Numbers based on the official data from the Danish Centre for Environment and Energy (DCE).  
[https://dce.au.dk/fileadmin/dce.au.dk/Udgivelser/Notater\\_2019/Miljoeoekonomiske\\_beregningerpriser\\_for\\_emissioner.pdf](https://dce.au.dk/fileadmin/dce.au.dk/Udgivelser/Notater_2019/Miljoeoekonomiske_beregningerpriser_for_emissioner.pdf)

## Accumulated NOx removed in kg



Accumulated NOx removed is equivalent to the pollution from 271,832 cars  
Source: <https://www.eurekaselect.com/article/109045>



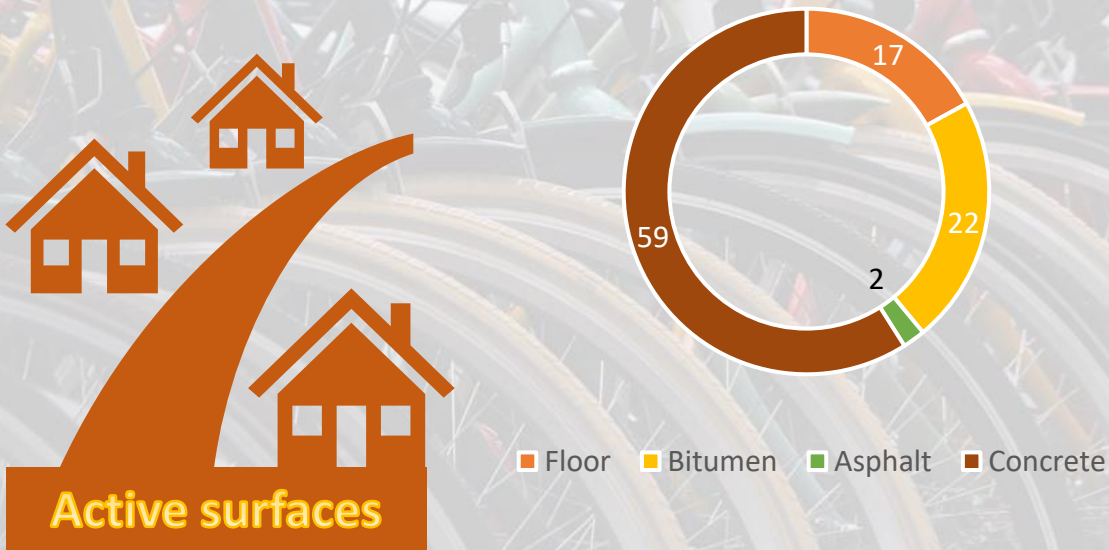
# PHOTOCAT ENVIRONMENTAL IMPACT

Number of Installed Squaremeters with Photocat Technology as of 2023-06



The chart above shows Photocat now has installed more than 8,3 m SQM surfaces with active **NOx** degrading surfaces

Allocated to type of surface in %

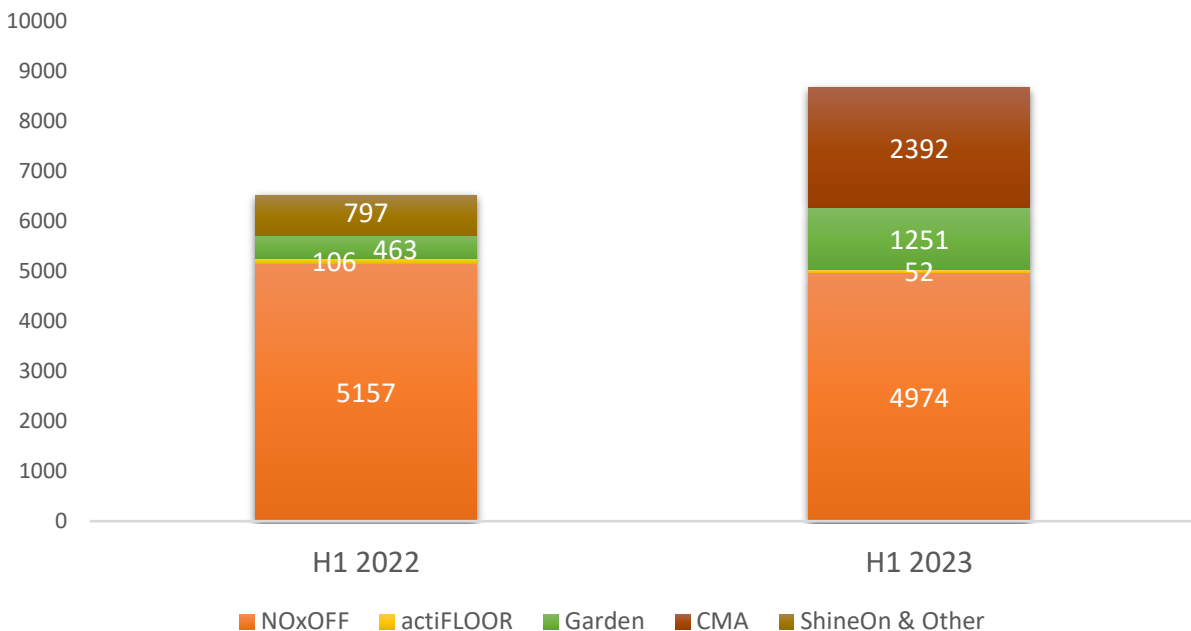


The pie chart shows the how many square meters of surfaces in each of the 4 main categories Concrete, Bitumen, Floors and newest Asphalt.

# REVENUE DEVELOPMENT

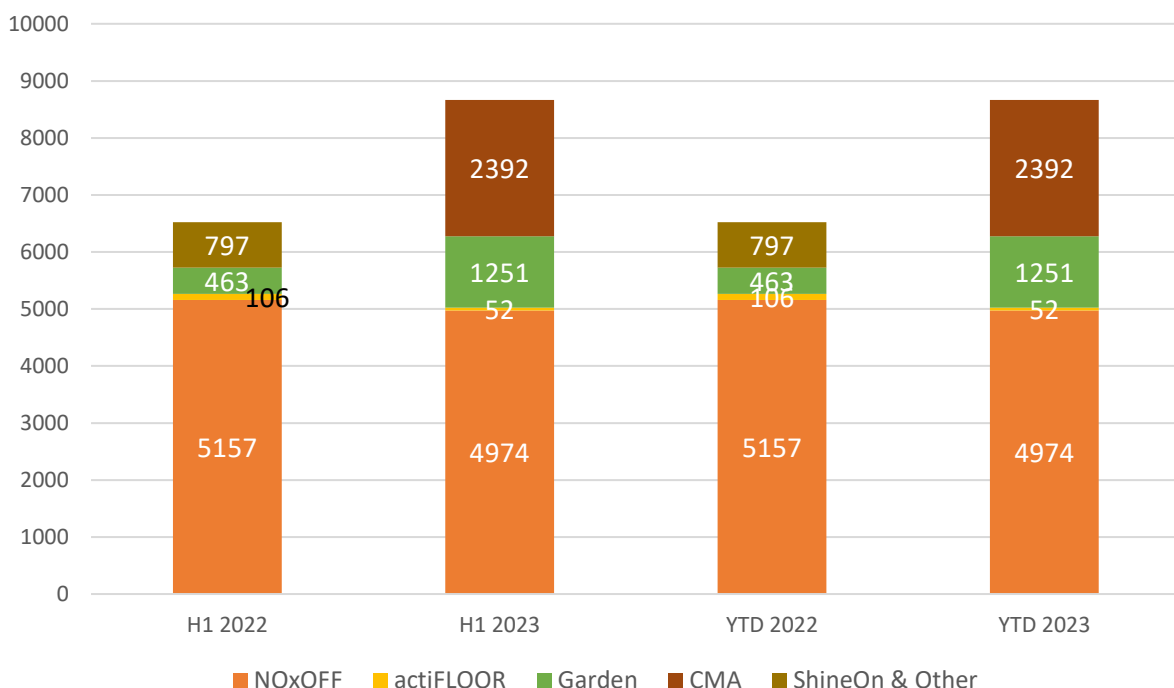
Amounts in DKK '000s

## Half Year Development



Amounts in DKK '000s

## Year on Year Development



# INCOME STATEMENT

Amounts in DKK '000s	Note	H1 2023	H1 2022	FY 2022	FY 2021
<b>Revenue</b>		<b>8,668</b>	<b>6,291</b>	<b>14,840</b>	<b>13,443</b>
Work on own account recognised in assets		904	829	1,991	2,243
Other Operating Income	1	0	231	297	480
Expenses for raw materials and consumables		-2,366	-1,519	-3,457	-3,115
Other external expenses	2	-3,481	-4,154	-9,213	-7,639
<b>Gross profit</b>		<b>3,728</b>	<b>1,677</b>	<b>4,458</b>	<b>5,412</b>
Staff expenses		-2,917	-2,403	-5,369	-5,310
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		-1,205	-1,166	-2,236	-2,495
<b>Profit/loss before financial income and expenses</b>		<b>-397</b>	<b>-1,892</b>	<b>-3,147</b>	<b>-2,392</b>
Financial expenses		-150	-90	-277	-115
<b>Profit/loss before tax</b>		<b>-548</b>	<b>-1,982</b>	<b>-3,424</b>	<b>-2,508</b>
Taxes		199	182	438	347
<b>Net profit/loss</b>		<b>-349</b>	<b>-1,800</b>	<b>-2,986</b>	<b>-2,160</b>



# BALANCE SHEET, assets

Amounts in DKK '000s	30.06.2023	30.06.2022	31.12.2022	31.12.2021
Competet development projects	5,163	4,667	4,956	4,692
Acquired patents	963	4,527	1,002	754
Acquired other patents	4,109	696	4,268	0
Development projects in progress	4,773	4,471	4,773	4,471
<b>Intangible assets</b>	<b>15,008</b>	<b>14,362</b>	<b>14,999</b>	<b>9,917</b>
Plant and equipment	43	442	257	615
Other fixtures and fittings, tools and equipment	92	170	164	222
<b>Tangible assets</b>	<b>135</b>	<b>612</b>	<b>421</b>	<b>837</b>
Ohter investment	0	0	0	0
Deposits	316	301	301	301
<b>Fixed assets investment</b>	<b>316</b>	<b>301</b>	<b>301</b>	<b>301</b>
<b>Fixed Assets</b>	<b>15,459</b>	<b>15,275</b>	<b>15,721</b>	<b>11,055</b>
<b>Inventories</b>	<b>871</b>	<b>1,577</b>	<b>942</b>	<b>1,071</b>
Trade receivables	5,743	5,345	4,583	3,919
Other receivables	1,755	449	680	534
Corporation tax	637	530	438	347
Prepayment	193	161	158	128
<b>Recivables</b>	<b>8,328</b>	<b>6,485</b>	<b>5,859</b>	<b>4,929</b>
<b>Cash at bank and in hand</b>	<b>443</b>	<b>712</b>	<b>90</b>	<b>1,416</b>
<b>Current assets</b>	<b>9,642</b>	<b>8,774</b>	<b>6,891</b>	<b>7,417</b>
<b>Total Assets</b>	<b>25,101</b>	<b>24,049</b>	<b>22,613</b>	<b>18,472</b>

# BALANCE SHEET, liabilities & equity

Amounts in DKK '000s	30.06.2023	30.06.2022	31.12.2022	31.12.2021
Share capital	5,850	5,850	5,850	5,250
Reserve for development costs	7,197	6,167	7,197	6,167
Retained earnings	770	3,334	1,118	-114
<b>Equity</b>	<b>13,817</b>	<b>15,351</b>	<b>14,165</b>	<b>11,303</b>
Loan	3,515	2,246	1,985	2,246
Other payables	361	784	361	941
Payables to shareholders and managements	674	12	13	11
Deferred income	780	591	780	780
<b>Long-term debt</b>	<b>5,329</b>	<b>3,633</b>	<b>3,139</b>	<b>3,978</b>
Other credit institutions	1,786	91	1,249	183
Trade payable	4,116	4,515	3,920	2,467
Other payables	54	269	139	350
Deferred income	0	189	0	189
<b>Short-term debt</b>	<b>5,955</b>	<b>5,065</b>	<b>5,308</b>	<b>3,190</b>
<b>Debt</b>	<b>11,284</b>	<b>8,698</b>	<b>8,447</b>	<b>7,168</b>
<b>Liabilities &amp; Equity</b>	<b>25,101</b>	<b>24,049</b>	<b>22,613</b>	<b>18,472</b>

# STATEMENT OF CHANGE IN EQUITY

	Share capital	Reserve for development expenditure	Retained earnings	Total
<b>H1 2023</b>				
<b>Equity at 1 January 2023</b>	5,850	7,197	1,118	14,165
Development costs for the year	0	705	-705	0
Depreciation, amortisation and impairment for the year	0	-827	827	0
Net profit/loss for the year (H1 2023)	0	0	-349	-349
<b>Equity at 30 June 2023</b>	<b>5,850</b>	<b>7,075</b>	<b>892</b>	<b>13,817</b>
<b>H1 2022</b>				
Equity at 1 January 2022	5,250	6,167	-114	11,303
Cash capital increase	600	0	5,248	5,848
Development costs for the year	0	646	-646	0
Depreciation, amortisation and impairment for the year	0	-214	214	0
Net profit/loss for the year (H1 2022)	0	0	-1,800	-1,800
<b>Equity at 30 June 2022</b>	<b>5,850</b>	<b>6,600</b>	<b>2,901</b>	<b>15,351</b>

# CASH FLOW STATEMENT

Amounts in DKK '000s	H1 2023	H1 2022	FY 2022	FY 2021
Net profit/loss	-349	-1,800	-2,986	-2160
Adjustments	1,156	884	1,886	1,809
Change in working capital	-2,286	-70	-49	-72
<b>Cash flow from operating activities before financial income and expenses</b>	<b>-1,479</b>	<b>-985</b>	<b>-1,150</b>	<b>-424</b>
Financial expenses	-150	-90	-277	-115
<b>Cash flow from ordinary activities</b>	<b>-1,629</b>	<b>-1,075</b>	<b>-1,427</b>	<b>-539</b>
Cooperation tax paid	199		347	384
<b>Cash flow from operating activities</b>	<b>-1,430</b>	<b>-1,075</b>	<b>-1,079</b>	<b>-155</b>
Purchase of intangible fixed asset	-904	-5,328	-6,734	-2,580
Purchase of property, plant and equipment	-24	-59	-169	-331
Purchase of fixed asset investments	-15	0	0	0
<b>Cash flow from investing activities</b>	<b>-943</b>	<b>-5,387</b>	<b>-6,903</b>	<b>-2,912</b>
Repayment of payables to group enterprises	0	0	0	0
Raising of loans from credit institutions	2,066	-92	805	2,429
Raising of loans from group enterprises	660	1	2	2
Capital increase	0	5,848	5,848	0
<b>Cash flow from financing activities</b>	<b>2,727</b>	<b>5,757</b>	<b>6,655</b>	<b>2,431</b>
Change in cash and cash equivalents	354	-704	-1,327	-636
Cash and cash equivalents as of 1st of January	90	1,416	1,416	2,052
<b>Cash and cash equivalents at the end of periode</b>	<b>443</b>	<b>712</b>	<b>90</b>	<b>1,416</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	H1 2023	H1 2022	FY 2022	FY 2021
Marketing costs	-1,844	-2,042	-4,899	-4,353
Premises	-544	-548	-1,056	-872
Other costs	-1,093	-1,564	-3,259	-2,414
<b>Total other external expenses</b>	<b>-3,481</b>	<b>-4,154</b>	<b>-9,213</b>	<b>-7,639</b>

## Note 3 - Share Capital

The Company's share capital is DKK 5,850,000 divided into shares of DKK 1.

## Note 4 - Number of employees

Total number of employees is 12, including commercial agents operating in Mexico and Europe.

## Note 5 - Earnings per share

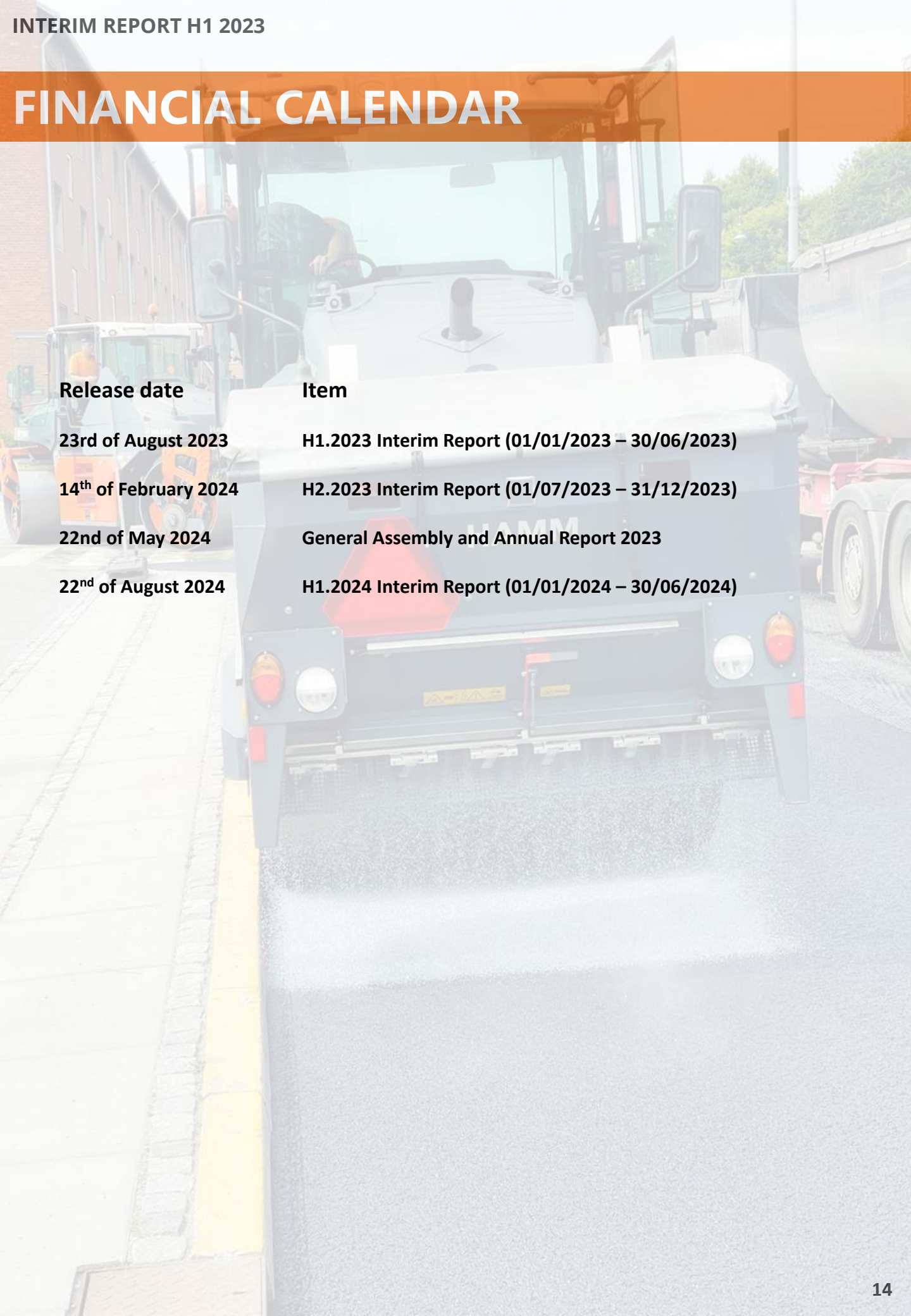
DKK	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Earnings per share	-0,06	-0,31	-0,51	-0,41
Before dilution	-0,06	-0,31	-0,51	-0,41
After dilution	-0,05	-0,31	-0,51	-0,41

## Note 6 - The number of outstanding shares

Amounts in DKK '000s	1 Jan - 30 Jun 2023	1 Jan - 30 Jun 2022	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
The number of outstanding shares	5,850	5,250	5,850	5,250
The average number of outstanding share	5,850	5,350	5,550	5,250
Before dilution	5,850	5,850	5,850	5,250
After dilution	6,390	5,850	5,850	5,250



# FINANCIAL CALENDAR



<b>Release date</b>	<b>Item</b>
<b>23rd of August 2023</b>	<b>H1.2023 Interim Report (01/01/2023 – 30/06/2023)</b>
<b>14<sup>th</sup> of February 2024</b>	<b>H2.2023 Interim Report (01/07/2023 – 31/12/2023)</b>
<b>22nd of May 2024</b>	<b>General Assembly and Annual Report 2023</b>
<b>22<sup>nd</sup> of August 2024</b>	<b>H1.2024 Interim Report (01/01/2024 – 30/06/2024)</b>

# WHO IS 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 and VOC's.

We also sell and distribute products that reduce air born particles and dust as PM1.0 PM2.5 and PM10. It also acts as a de-icing agent, and an alternative to salt.

Photocat's shares was listed in Nasdaq First North in Stockholm November 20, 2015, with the ticker symbol PCAT.

This report has not been reviewed by the company's auditor.

The company's report has been prepared in accordance with the provisions of the Danish Financial Statements Act applying for enterprises of reporting class B, and provisions applying for to reporting class C entities.