

# Photocat

Market: First North SE

Ticker: PCAT

Share price (SEK): 12.15

Market cap (DKKm): 49.2

Net debt (DKKm): 1.5 (H1 2022)

Enterprise value (DKKm): 50.7

## Share information



YTD: -37.37% 1 year: -25.23%  
1 month: -16.49% Since IPO\*: -58.10%

Note: \*Photocat's IPO date was 23 October 2015 (subscription price of SEK 29.00)  
We apply the closing price from 1 September 2022 (Source: Nasdaq)

## Financials

(DKKm)	2020	2021	2022E*
Revenue	12.7	13.5	N/A
Revenue growth	82%	6%	N/A
EBITDA	0.1	0.0	N/A
EBITDA margin	0%	0%	N/A
Net income	-1.8	-2.3	N/A
Net income margin	-14%	-17%	N/A
Cash	2.1	1.4	N/A
Interest-bearing debt	0.0	2.4	N/A

Note: \*Photocat does not provide any financial guidance for 2022.

## Valuation multiples

	2020	2021	2022E*
P/S (x)	7.2	5.5	N/A
EV/Sales (x)	7.0	5.6	N/A
EV/EBITDA (x)	1487.5	-3730.0	N/A
EV/EBIT (x)	-42.5	-29.8	N/A
P/E (x)	-50.7	-32.0	N/A
P/B (x)	6.8	6.6	N/A
P/CF (x)	-65.2	-368.0	N/A

Note: Multiples for 2020 and 2021 are based on historical numbers.

## Company description

Photocat is a GreenTech company that manufactures patented coating materials for both outdoor and indoor applications to degrade NOx and VOC's when exposed to light. Photocat's technology is used on different surfaces that reduce air pollution and harmful substances. The treatments are branded under different products, including NOxOFF, actiFLOOR, Photocat Garden, and ShineOn. In 2022, Photocat also acquired a de-icer and dust reduction product, known as CMA (calcium magnesium acetate).

## Investment case

Air pollution may be one of the biggest societal problems globally, causing illnesses and deaths. The EU has set legal requirements for pollution levels in the air, however, many of Europe's major cities, including Copenhagen, do not live up to current EU regulations. Photocat's photocatalytic fluids, based on titanium dioxide (TiO2), solve this key issue by eliminating air pollution such as NOx and VOC's.

Earlier market reports from WHO and OECD\* estimated that the economic costs of increased air pollution in Europe amount to USD 1.6 trillion per year. In addition, it is estimated that air pollution causes around 7 million deaths a year in Europe\*\*. With Photocat's technology, NOx levels in large cities can be reduced by up to 30% and save society from high costs.

Photocat's patented photocatalytic fluid is transparent, and thus possible to apply on surfaces without visible negative effects. The reaction only requires light and therefore no energy (CO2 neutral). The effect of 1,000 m<sup>2</sup> of treated surfaces with the solution corresponds to the effect of 80-100 planted trees.

Photocat is currently traded to a sales multiple (2021) of 5.3x based on the current market cap, which is below the HCA Nordic GreenTech sector of approx. 12.5x sales. This is mainly explained by Photocat's lower growth rate.

Source: \*<https://unep.org/air-pollution-and-economic-development>, \*\*<https://envs.au.dk/strategiske-vaekstomraeder/luftforurening-og-naarvirkning-af-menneskers-helbred/>

## Key investment reasons

Photocat has achieved proof-of-concept through scientific and real-life studies that verify the technology's effect. The technology is already integrated into partners' products, primarily sold in the do-it-yourself segment and to manufacturers of building materials.

In June 2022, Photocat raised SEK 8.4m in a private placement from institutional investors (the issue of new shares has been completed for SEK 14.00 per share) to finance its continued growth and its acquisition of de-icer and dust reduction products from Alumichem A/S for a total value of DKK 5m. The new products open for sales synergies and are expected to increase Photocat's yearly turnover with DKK 3-6m, effective from 1<sup>st</sup> January 2023 when the launch plan is fully implemented.

New partnerships in the Nordics and the US as well as existing partners across Europe and Canada support its sales opportunities and highlight the company's presence outside Denmark.

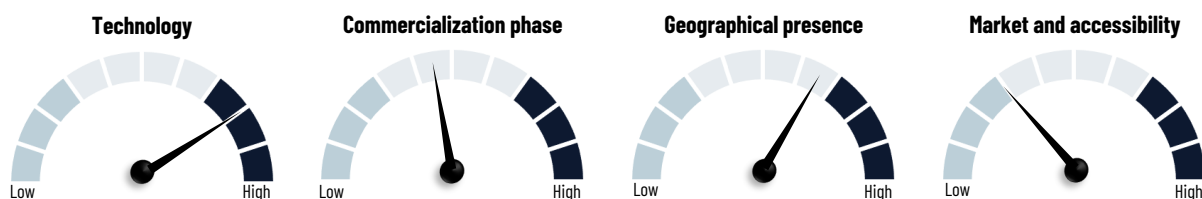
## Key investment risks

The market for photocatalytic products is still in an early stage and still relatively unknown. Consequently, Photocat is challenged by a market that is difficult to enter despite a very large market potential. This implies a risk that the maturation of the market may take a longer time, postponing Photocat's expansion and future growth rates.

Concerning market accessibility, Photocat is somewhat dependent on political regulations, as it remains unclear who will pay for the value creation that Photocat's products achieve in society. With no strict rules yet against air pollution in cities, Photocat may continue to face headwinds in its sales across European cities.

Photocat may also be exposed to a potential economic slowdown since building materials are cyclical. On the other hand, Photocat has a sustainability profile, i.e., less cyclical with higher prices.

## GreenTech HCA assessment



Note: GreenTech HCA assessment provides a short overview of four key criteria when assessing growth-oriented Nordic GreenTech companies. Despite being GreenTech companies, they may differ a lot in products, markets, size, management, financials, etc.