
Report 1st quarter, 2020



Biofilm eradication

Fighting Chronic Wounds and Antimicrobial Resistance

SoftOx Solutions AS (“SoftOx”) is a medtech company listed on Merkur, Oslo Stock Exchange with the ticker “SOFTOX-ME”. SoftOx was founded in 2012 and is headquartered in Oslo, Norway, with subsidiaries in Malmö and Copenhagen.

SoftOx has developed a highly efficient antimicrobial solution, which eradicates and prevents biofilm-, virus and other microbial infections. The technology is based on years of research and product development with leading Nordic research institutes protected by patents.

Highlights for the 1st quarter of 2019

- The first production line for the SoftOx disinfectant was successfully established
- SoftOx hand disinfection showed full virucidal effect for all types of viruses
- Presafe, SoftOx` Notified Body, received approval from EU
- Research, to explore possible effects on infections in the respiratory tract, was started up March 30th at the University of Copenhagen
- The Research Council of Norway awarded NOK 2.4 mill to a doctoral scholarship to develop second generation SoftOx
- Innovation Norway awarded SoftOx a NOK 6 mill loan for an additional production line
- SoftOx launched the brand “Antibac alcohol free hand disinfection - powered by SafeDes” together with Kiiltoclean/Antibac

Key figures

Key figures (NOK 1,000)

	1Q20	1Q19	2019
SoftOx Solutions Group			
Total revenue and other income	1 239	1 290	4 099
Total operating expenses	8 494	5 566	25 969
Operating result	-7 254	-4 277	-21 870
Net result before taxes	-7 245	-4 251	-22 178
Net proceeds from equity issues	0	0	89 903
Net cash flow	-21 630	-5 829	70 246
Cash and cash equivalents at end of period	54 365	11 269	75 995
Outstanding shares, beginning of the period (1, 2)	7 751 000	2 488 500	2 488 500
Outstanding shares, end of the period (1, 2)	7 751 000	3 758 650	7 751 000
Employees, end of the period	12	10	12

Selected highlights - 1st quarter 2020

- As a direct result of the fast rise of the Covid 19 pandemic SoftOx decided to accelerate production to launch the hand disinfection products 5 months earlier than originally planned. The first manufacturing line for SoftOx disinfectant was successfully established at the end of first quarter.
- SoftOx received positive confirmatory results from a well-recognized German laboratory, Institute for Hygiene and Microbiology, carried out by Dr. Brill + Dr. Steinmann. SoftOx hand disinfection proved a fully virucidal effect on all types of viruses. The test was performed according to

International standard EN 14476. The solution proved also effective against the Norovirus, - a virus that causes nausea and vomiting, which is known to be resistant to disinfectants.

Furthermore, the results revealed that all enveloped viruses, hereunder Covid 19, is effectively inactivated after 15 seconds by being exposed to the SoftOx hand disinfection. This is superior to alcohol-based disinfectants.

- Presafe, SoftOx' Notified Body, gained approval by the European Union according to European Medical device regulation (MDR). EU's new MDR was

implemented in May 2020, with postponement to May 2021 and requires new authorization of Notified Bodies to comply with MDR guidelines.

- University of Copenhagen started research to explore the effects of the SoftOx when inhaled to combat viral and bacterial infections of the respiratory tract and lungs in preclinical models. SoftOx has allocated NOK 3.5 mill to the project. Studies in animal models are expected to take 6 months.

Selected events in Q2

SoftOx has received letter of potential grant of USD 2 mill from a US government institution.

SoftOx has received a letter from a US government institution informing us of a potential funding of USD 2 mill for the development of SoftOx Biofilm Eradicator. The award is pending final due diligence of the project financing. Further information will follow when agreement is made.

The first sale and delivery to our Nordic distributor Kiiltoclean / Antibac took place April 1st.

Five months earlier than originally planned SoftOx introduced the hand disinfectant to the market in both Norway and Sweden. The first products to market was launched by our distributor Kiiltoclean/Antibac under the brand "Antibac without alcohol-powered by Safedes" In May we increased production capacity of up to 45,000 bottles per day.

The Norwegian Medical Agency approved SoftOx's new products for surface disinfection,

in early April 2020, with the following brands;

- EffectDes Surface disinfectant – Virucidal
- SafeDes Surface disinfectant – Virucidal
- VESO Surface disinfectant – Virucidal

The products are approved for technical use in the health care and nursing sector. The surface disinfectant is based on the same technology as the company's hand disinfectant.

Established new production facility at Bryn in Oslo

The company is building up a new in-house laboratory facility and production line at Bryn in Oslo. The production facility will, when finished include an inhouse small bottle filling line for up 2,000-30,000 bottles per day

Sales

SoftOx has, since early April, sold hand disinfectant for approximately NOK 5 mill. Late June Norway's largest health enterprise (Helse Sør-Øst) placed its first order for SoftOx hand disinfectant.

The company is confident that the foundation created in first half of 2020 is a solid base for building a profitable and successful disinfectant business for the quarters and years to come.

Distribution channels

SoftOx Solutions AS entered into two important distribution agreements in May 2020.

The distribution agreement with Milas covers sale and distribution of our hand and surface disinfectant in schools and kindergartens (<https://www.milas.no/>)

The distribution agreement entered into with Bonaventura Scandza covers the consumer market for disinfectants. Bonaventura Scandza is one of Norway's largest distributors of branded and labeled goods to the groceries, pharmacies, retail chains, convenience stores, and the HORECA (hotel, restaurant, catering) market.

SoftOx has applied for approval of pivotal efficacy study of the SoftOx Wound Irrigation Solution (SWIS). After a successful pilot toxicity study, application for the next pivotal efficacy clinical trial have been submitted for approval by the Danish Medicinal Authority.

Upcoming risk next three months

- Research studies carry an inherited risk of being delayed and not delivering the results as expected
- The market demand for surface and hand disinfectant will affect our sale of disinfectants
- SoftOx depends on the distribution partners to penetrate sales channels and to sell its products
- The Covid 19 virus pandemic has increased the risk level in the general business environment

Financial review

Financial figures in this report are unaudited figures for the SoftOx Solution Group.

“Other operating revenue in Q1 includes a NOK 1.2 mill grants from the Norwegian Research Council, under the BIA program for development of SoftOx wound care products.

Personnel expenses were NOK 3.336 mill in Q1 2020, compared to NOK 2.561 mill in Q1 2019, this was due to increased staff.

“Other operating expenses increased to NOK 4.885 mill compared to NOK 2.728 mill for the same period in 2019, due to increased activity.

Net results before taxes, at the end of Q1 showed a net loss of NOK 7.245 mill compared to NOK 4.277 mill in Q1 2019, the difference is mainly explained by increased cost of personnel.

At the end of Q1, the group had NOK 54.365 mill in cash.

In Q1 SoftOx received a loan of NOK 6 mill from Innovation Norway to increase production capacity for the company's fully virucidal hand disinfectant. The funds will be used to set up a new production line.

At the end of Q1 2020, the Group had other intangible assets of NOK 5.038 mill compared to NOK 2.498 mill at the end of Q1 2019.

Outlook

The company's plans for the upcoming twelve months include:

- Preparation and commencement of the confirmatory clinical investigation of SoftOx Wound Irrigation Solution (SWIS) medical device.
- Preparation of first-in-human drug study (phase I) for BE is expected to be conducted in co-operation with US Authorities. To secure a successful market adoption of BE, the company will also continue to cooperate closely

with EXCITE International on clinical development.

- SoftOx is expecting to receive approval for the hand disinfectant for the EU-area. In partnership with various distributors, SoftOx will continue to penetrate more markets and challenge the position of alcohol-based disinfectants. The SoftOx disinfectant is a superior alternative to alcohol-based disinfectants. Out of 18.8 million health care workers in the EU and the US, 13.3 million report irritated skin and eczema due to use of alcohol-based disinfectants.

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Declaration

We declare that to the best of our knowledge the accounts for 1st quarter 2020 have been prepared in accordance with current accounting standards for the Group and that the disclosures in the accounts provide a true and fair view of the company's and the Group's assets, liabilities, financial position and results as a whole and that the quarterly report, including a description of the most important risk and uncertainty factors facing the Group, gives a true and fair view of the development, results and position of the entity and the Group.

Oslo, 30th of June 2020

SIGN

Lars Johan Frigstad, Chairman

SIGN

Olav Trygve Jarlsby, Director

SIGN

Kari Grønås, Director

SIGN

Geir Hermod Almås, CEO

Profit and loss statement

SoftOx Solutions Group

NOK 1,000

	1Q20	1Q19	2019
Other operating revenues	1 239	1 290	4 099
Total operating revenues	1 239	1 290	4 099
Personnel expenses	3 356	2 561	11 197
Other operating expenses	4 855	2 728	13 071
Depreciation	283	277	1 701
Depreciation, goodwill	0	0	0
Total operating expenses	8 494	5 566	25 969
Operating result	-7 254	-4 277	-21 870
Net financial items	9	26	-308
Net result before taxes	-7 245	-4 251	-22 178
Tax			5 842
Net result after tax			-16 336

Statement of financial position	1Q20	1Q19	2019
SoftOx Solutions Group			
<i>NOK 1,000</i>			
Other intangible assets	5 038	2 489	4 928
Deferred tax asset	18 217	7 726	18 135
Total intangible assets	23 255	10 215	23 063
Production equipment	997	451	242
Total fixed assets	997	451	242
Total non-current assets	24 252	10 666	23 304
Other receivables	7 650	3 496	5 664
Total receivables	7 650	3 496	5 664
Cash and cash equivalents	54 365	10 755	75 996
Current assets	62 015	14 252	81 660
Total assets	86 267	24 918	104 965
Share capital	155	75	155
Other paid in equity	89 612	47 452	89 713
Total paid in equity	89 767	47 527	89 868
Other equity	-10 661	-25 648	-3 399
Total equity	79 106	21 879	86 469
Public duties payable	-550	50	659
Shareholder loans	701	0	3 101
Other current liabilities	1 560	911	3 622
Accounts payable	5 449	2 078	10 999
Total current liabilities	7 161	3 039	18 382
Total liabilities	7 161	3 039	18 496
Total equity and liabilities	86 267	24 918	104 965

Cash flow statement	1Q20	1Q19	2019
SoftOx Solutions Group			
<i>NOK 1,000</i>			
Cash flow from operating activities			
Net result before taxes	-7 245	-4 251	-20 279
Tax paid	0	0	0
Depreciation	283	277	1 683
Change in current assets	-1 986	-700	51
Change in current liabilities	-11 221	-1 152	2 319
Net cash flow from operating activities	-20 169	-5 826	-16 226
Cash flow from investment activities			
Investments in non-current assets	-1 231	0	0
Net cash flow from investment activities	-1 231	0	0
Cash flow from financing activities			
Proceeds from equity issues	0	0	88 194
Other financing activities	-114	0	-1 700
Translation differences	-117	-3	-22
Net cash flow from financing activities	-231	-3	86 472
Net change in cash and cash equivalents	-21 630	-5 829	70 246
Cash and cash equivalents at beginning of period	75 995	17 098	1 237
Cash and cash equivalents at end of period	54 365	11 269	75 995

Statement of changes in equity				
SoftOx Solutions Group				
<i>NOK 1,000</i>	Share capital	Other paid in equity	Other equity	Total equity
Balance at 01.01.2019	76	17 770	-3 437	14 409
Loss for the period		-16 336	0	-16 336
Share issues	79	88 314		88 393
Other changes in equity		0	2	2
Balance at 31.12.2019	155	89 748	-3 435	86 468
Balance at 01.01.2019	155	89 748	-3 435	86 468
Loss for the period			-7 245	-7 245
Share issues				0
Other changes in equity			-117	-117
Balance at 31.03.2019	155	89 748	-10 797	79 106

Notes to the Quarterly Financial Statement

Note 1 Accounting policies

The financial statements of SoftOx Solutions Group are presented in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small-size companies.