Quarterly Report

Q1 2022

SOFT-OX.COM/FINANCIAL-CALENDAR-REPORTS/

SOFT·OX

SoftOx Solutions AS is a medtech and biotech company listed on Euronext Growth Oslo with ticker 'SOFTX'. SoftOx Solutions AS was founded in 2012 and is headquartered in Oslo. The SoftOx Solutions Group includes the holding company SoftOx Solutions AS, the Malmö and Copenhagen subsidiaries, and subsidiaries SoftOx Defense Solutions AS and SoftOx Disinfection AS. SoftOx has developed a highly effective antimicrobial solution which eradicates and prevents biofilm, viral and antimicrobial resistant infections. The technology is based on years of research and development in partnership with leading Nordic research institutes and is protected by patents.

Highlights for the first quarter 2022 and subsequent events

(Figures in brackets are comparable figures for 2021)

- The first-in-human clinical study for the SoftOx Inhalation Solution (SIS) for the treatment of respiratory tract infections is progressing as planned and the last subject last visit was completed in April.
- The first-in-human clinical study for the SoftOx Biofilm Eradicator (SBE) for infections in chronic wounds has improved its enrolment of patients and has completed the three first dose-level cohorts and advanced to the fourth dose-level.
- The Company has finalised and submitted the Premarket Notification (510(k)) application to obtain clearance by the US Food and Drug Administration (FDA) for SoftOx Wound Irrigation Solution (SWIS) as a medical device class II in the US market.
- Q1 pre-tax results ended with a loss of NOK 24,3 million (loss of 22,5 million). Results are characterized by high levels of activity in research and development.
- The Company has started to deliver disinfection products to Hospital Purchasing (HINAS) in Norway and other companies within and outside the health sector.

Key figures for the SoftOx Solutions Group (SoftOx) as of 31.03.2022

Key figures (NOK 1,000)	First quarter		Year
	2022	2021	2021
SoftOx Solutions Group			
Total operating revenue	1 049	1 483	7 901
Total operating expenses	25 238	24 124	94 004
Operating result	**-24 189**	**-22 641**	**-86 102**
Profit before tax	**-24 276**	**-22 500**	**-86 291**
Net proceeds from equity issues	0	27 135	27 135
Net change in cash and cash equivalents	-22 797	20 195	-41 194
Cash and cash equivalents at end of period	**34 187**	**54 997**	**34 802**
Outstanding shares, beginning of the period	10 342 871	8 329 900	8 329 900
Outstanding shares, end of the period	10 342 871	9 168 468	10 342 871
Employees, end of the period	23	21	21

A statement from CEO Geir Almås

(Further details are also given later in the report)

Geir Almås, Chief Executive Officer of SoftOx Solutions, commented:

"It has been a productive first quarter of 2022 as we await the results of our two phase I trials, and at the same time, the commercial team is holding ongoing talks with international players for potentially entering partnerships for both our disinfection and wound care products.

SoftOx has achieved a major milestone with the completed enrolment of the SIS phase 1 trial (SIS-01) and the SBE phase 1a single ascending dose study (SBE-01a) is soon to follow. This accomplishment may mark SoftOx's transition from a medtech company to a biotech company. The objective of the SIS-01 study is to determine the safety and tolerability of inhaled nebulised SIS in healthy subjects, and the results of the study will determine the optimal dose. The SBE-01 study aims to determine the optimal concentration and dosing schedule for treating patients with chronic wounds with SBE. Positive results from these studies will allow the clinical development to proceed to phase 2 studies which will determine the therapeutic efficacy.

We have also made a big step forward in the regulatory process with the submission of the 510(k) application for US FDA clearance of SoftOx Wound Irrigation Solution (SWIS). The clearance of this application would allow for SWIS to be marketed and sold in the US as a medical device. The clinical development of our medical device and pharmaceutical drug products is off to a promising start in 2022.

When the COVID-19 pandemic began, SoftOx entered the disinfection market to satisfy an unmet need for an alternative to alcohol-based disinfectants. In 2021, we achieved proof of sales with the Norwegian and Swedish tender wins. In Q1, we are working to fulfil the conditions of the purchasing tenders and sell to customers in Sweden and Norway. Our long-term strategy is to find suitable partners for selling our disinfection line internationally. We are optimistic in the ongoing conversations with international partners for both our wound care line and our disinfection line, where 5 to 10 prospective international partners have signed NDAs or are in progress of doing so. We look forward to the new possibilities and achievements of this exciting year".

Geir Hermod Almås, Chief Executive Officer

Product development methodology

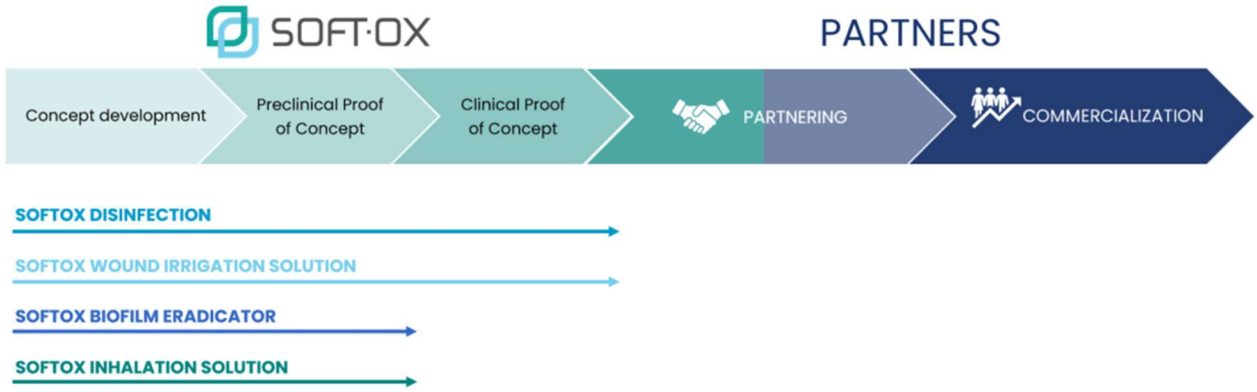

Figure 1. SoftOx product pipeline

Platform technology

In collaboration with leading scientific teams, SoftOx has discovered a unique synergetic effect of two natural components, proven to be well tolerated by both humans and animals. The SoftOx technology reinforces nature's ability to eradicate unwanted microbes through the combination of hypochlorous acid, which has a well-documented antimicrobial effect, and acetic acid, acting as the antimicrobial stabiliser. This unique technology is protected by a robust patent portfolio which provides multiple degrees of freedom to expand into new therapeutic applications. SoftOx has filed 84 patents worldwide, of which 58 are granted addressing formulations, uses, methods of making and devices.

The SoftOx technology has proven strong antimicrobial effects on various bacterial species (including multidrug-resistant bacteria and those embedded in biofilms), fungi, spores and viruses. Importantly, the Company's research has also determined that this novel solution does not induce microbial resistance.

The safety profile and the antimicrobial efficiency of the technology make it acceptable for multiple applications with the aim of preventing and removing infections. After thorough and successful laboratory and animal experiments, SoftOx has now entered the clinical phase with several product leads, including i.e., topical wound and inhalation treatments. There are currently four base products under development - wound irrigation solution, chronic wound treatment, inhalation treatment and hand and surface disinfectant - yet the platform technology lends itself to possibilities of numerous applications and uses.

Business development

SoftOx Solutions is a medtech and biotech company that is exploring opportunities for its patented technology in various segments. As a research and development company, SoftOx is currently developing biocides, medical devices and pharmaceutical drugs, and the Company is responsible for progressing projects to achieve the proof of concept or proof of sales stage where it is suitable to be taken over by partners. For biocides and medical devices, SoftOx will develop its products until proof of sales is achieved. Pharmaceutical drugs, including SBE and SIS, are developed by SoftOx until proof of concept is achieved.

Operational update in first quarter 2022

Research and product development

WOUND CARE

SoftOx Wound Irrigation Solution (SWIS):

SWIS is a medical device intended for acute wounds, developed to rinse wounds to prevent infections and biofilm formation. Based on the clinical evidence generated on safety and effect, the goal of the Company is to replace today's wound rinsing products with SWIS as a low-risk product with added beneficial properties.

The final confirmatory clinical investigation (SWIS-02 trial) was completed in 2021. The SWIS-02 study showed both significant improvement in wound healing and reduction in bacterial burden compared to Normal Saline (NS), positioning the product as superior to today's market leaders. The results of SWIS-02 have been summarized into a manuscript which recently has been accepted for publication later this year in the international medical journal, *Acta Dermato-Venereologica*. The study has also been reviewed by the European Wound Management Association (EWMA) Scientific Committee and accepted for oral presentation at the EWMA-CICA 2022 Conference in Paris, 23-25 May.

Furthermore, the Company is working diligently on establishing a Good Manufacturing Practice (GMP) pilot facility at Fornebu, setting up a quality management system (QMS) and developing the final design dossier to be sent to a Notified Body and Competent Authority for approval of SWIS as a medical device in Europe. Establishing a high-quality GMP production facility at SoftOx will add value for all future research projects within the medical device and pharmaceutical development areas.

SWIS is expected to be SoftOx's first CE-marked product for the European market. For the US market, SoftOx has finalised and submitted the Premarket Notification (510(k)) application to the US FDA to obtain clearance for SWIS as a medical device class II. A 510(k) clearance is an important step towards market access and would confirm that SWIS is as safe and effective as an equivalent device already on the US market. Getting closer to a US approval leads to possibilities in relation to current discussions with distribution partners.

SoftOx Biofilm Eradicator (SBE):

SBE functions as an infection treatment primarily in chronic wounds and is designed to have a therapeutic effect by penetrating and killing microbes within biofilms. The formula penetrates deep into the wound bed, yet it is non-toxic and safe to use, based on animal studies. SBE's strong, broad-spectrum antimicrobial effect also kills antibiotic resistant bacteria and does not induce new resistance which ultimately may lead to reduced use of antibiotics and fewer antimicrobial-resistant microbes. Studies have shown that antimicrobial resistant bacteria are found in more than 50% of chronic wounds.[1]

SoftOx hypothesizes that SBE can prevent and eradicate biofilms both on the wound surface and deep in the wound bed to reduce the probability of recurrence and pave the way to faster wound healing. As reported previously, the initial recruitment of patients for the first-in-human phase 1

[1] Trivedi, U., Parameswaran, S., Armstrong, A., Burgueno-Vega, D., Griswold, J., Dissanaike, S., & Rumbaugh, K. gP. (2014). Prevalence of Multiple Antibiotic Resistant Infections in Diabetic versus Nondiabetic Wounds. Journal of pathogens, 2014, 173053. https://doi.org/10.1155/2014/173053

clinical study was significantly hampered due to a lengthy nationwide nurse strike in Denmark during Q3 and the COVID-19 pandemic; however, patient uptake has continued to improve since that period. In the first part of the phase 1 study (single ascending dose stage), the first three study cohorts have been completed, and the study has advanced to the fourth dose-level cohort. This progression confirms that SBE has an encouraging safety and tolerability profile given as a single dose. The single ascending dose (SAD) stage of the study is nearing the milestone of completed patient enrolment and the Company will then begin the multiple ascending dose (MAD) stage. By completing SBE-01, SoftOx will be able to determine the optimal concentrations and dosing schedule for treating patients with chronic wounds with SBE.

In addition to the continuous focus to ensure progression and completion of the SBE-01 study, the Company is currently preparing for the next phase 2 study. The US Medical Technology Enterprise Consortium (MTEC) will co-fund both phase 1 and 2 of the clinical development through the end of 2023. Following phase 2, SoftOx will search for an investor to complete phase 3 of the pharmaceutical development. The results of the SWIS-02 study show the effectiveness of the SoftOx technology, and the results of the SBE-01 study will show the optimal dose for treating chronic wounds. Combined, these results bring the SoftOx wound treatment closer to proof of concept.

RESPIRATORY TRACT

SoftOx Inhalation Solution (SIS):

SIS is in clinical development for the treatment of respiratory tract infections. SIS is an aerosolised solution based on the SoftOx technology, designed to be safe and effective in the upper airways and in the lungs. Although there are many potential therapeutic indications for such a product, at the present time SoftOx is focused on the treatment of upper respiratory tract viral infections (including influenza and COVID-19).

SoftOx hypothesizes that SIS inactivates and kills the intracellular and extracellular virus in the upper and lower respiratory tract, resulting in a reduction in symptoms, shortened disease duration and reduction in disease transmission. The safety of single and multiple ascending doses of SIS in healthy volunteers has progressed as planned (Safety of Ascending Single and Multiple Doses of Nebulised SoftOx Inhalation Solution in Healthy Subjects, NCT05188638) and the completion of last subject last visit was announced in April.

In parallel, SoftOx has been preparing phase 2 documentation and is in the process of engaging with experts and the European Medical Association for scientific advice and input into the phase 2 clinical trial design. SoftOx is also continuing to improve manufacturing and control processes and is progressing non-clinical pharmacology and toxicology studies in preparation for a phase 2 Clinical Trial Application (CTA).

DISINFECTION

Hand and surface disinfectant

SoftOx disinfection products are safe, well tolerated and do not dry out healthy or compromised skin. The products are effective against all relevant microbes (bacteria, viruses, fungi, Mycobacterium, and spores) and have been thoroughly tested and documented in accordance with EN tests. SoftOx disinfection products have documented full virucidal efficacy on both naked and enveloped viruses (e.g. coronaviruses, influenza virus, norovirus, and others) and are effective towards biofilms. SoftOx's surface disinfectant is also proven to be effective both on Mycobacterium and spores. The formula is alcohol-free and non-flammable which makes it safe for critical areas such as airplanes/airports, kindergartens, and schools. SoftOx's hand disinfectant is clinically documented as skin friendly, which makes it an ideal and proven high-level disinfectant for healthcare settings and for healthcare workers with irritated skin.

In 2021, SoftOx won a Norwegian hospital purchasing tender (HINAS) for alcohol-free hand disinfectant and a Swedish purchasing tender (Varuförsörjningen) for sporicidal surface disinfectant. These achievements are regarded as proof of sales. The next stage is to find the right strategic partners to bring SoftOx products to market worldwide.

The interest from potential international partners in the disinfection and wound products has been positive, especially considering that the company is awaiting approval from KemI. The company has reallocated human resources from the sales in Norway and Sweden to focus on the international commercial opportunities due to higher income potential. Therefore, although the HINAS tender period began in January, the sales have been low.

The Biocidal Products Regulation (BPR) approval

In February, the Company learned that The Norwegian Environment Agency (Miljødirektoratet) maintained its position that contradicts the European Commission's interpretation concerning the marketability of multipurpose products in the Norwegian market. The Company has addressed the matter with the Ministry of Climate and Environment (KLD) and is currently awaiting a response.

The new Swedish application moves forward, and new updated requirements are being addressed and submitted to the Swedish Chemicals Agency (KemI). The clinical documentation shows that SoftOx's disinfection products are safe and effective. The issues encountered with entering the market concern the new regulations and introduction of this new type of product to the market.

SoftOx Defense Solutions (SDS)

The purpose of SDS is to develop military products through research, testing, development, validation and procurement of military applications, nationally and internationally. Preventive health measures are important tasks in military sanitation and include hygiene and infection control of wounds, skin and surfaces. If these tasks are neglected, it is estimated that it could reduce the number of operational soldiers by as much as 25%[2]. Another essential part of the military's efforts to maintain operational capability is to optimize the treatment of sick and injured personnel in the first line of wound care in the operational theatre. SoftOx can support these efforts through adapting its civilian products for military purposes to meet unmet needs in the defence sector. The SoftOx technology has clear relevance to the military sector with its well-documented antimicrobial effect, multipurpose formulation and safety in storage and use.

During the first quarter of 2022, the Norwegian Defence Research Establishment (FFI) wrote the randomized behavioural field experiment report on the indoor climate effects of replacing alcohol disinfection with SoftOx products in Hemsedal municipality. The report will be published by FFI in 1H year. The preliminary results confirm the safety concern published by the FDA regarding side effects such as headache, nausea and dizziness after the application of alcohol-based hand rubs and show that the use of SoftOx reduced the total volatile organic compound (TVOC) level in the indoor climate in small rooms compared to alcohol-based disinfectants.[3]

ORGANISATION

In the first quarter of 2022, SoftOx built up the Company's Chemistry, Manufacturing and Controls (CMC) department with several new employees who bring a wealth of knowledge and a great variety of skills and experience. The CMC department performs critical activities for the development of new medical and pharmaceutical products. SoftOx will continue to grow the organisation to further

[2] Forsvarets sanitet – Norwegian Armed Forces Joint Medical Services
[3] 6-16-2021 FDA Drug Safety Communication Inhalation of Alcohol Vapor

strengthen pharmaceutical development and clinical trial execution as the Company continues to prepare for phase 2 for both the SBE and SIS project.

Financial matters

Financial figures for the SoftOx Solutions Group are not audited (figures in brackets are comparable figures for 2021).

Profit and loss statement

In Q1 2022, the Company's revenue for disinfectants reached approx. NOK 50,2 thousand (NOK 0,4 million). In addition, NOK 1 million (NOK 1 million) has been recognised as income in connection with funding from The Research Council of Norway and the U.S. Department of Defense.

Salary costs were NOK 6,5 million (NOK 5,8 million), an increase of 12 % compared to 2021. Other operating costs have increased to NOK 17,8 million (NOK 17,5 million). Total operating expenses are NOK 25,2 million (NOK 24,1 million). The increase in 2022 compared to last year relates mainly to high levels of activity in R&D projects, such as two ongoing clinical trials, which are expensed instead of capitalised due to accounting principles. Approximately 65 % of operating expenses in 2022 are related to R&D activities. The main contributor to the R&D costs is the drug development of the SIS project, which constitutes approximately 50 % of the R&D costs.

SoftOx continues to build up its organization for future growth and development, and pre-tax results ended with a loss of NOK 24,3 million (loss of NOK 22,5 million).

Cash flow and consolidated balance sheet

Of the capitalized assets, the Company has activated its IP and patent cost worth NOK 7,4 million (NOK 6 million). These are capitalized patent costs in the Swedish subsidiary, which are depreciated over 5 years. Deferred tax assets stand at NOK 51,6 million, corresponding to the year of 2021, adjusted for tax in Sweden. Tax calculations will be performed at the end of the year on revised figures.

Outlook

- Progressing work on the development of each project:
  - SoftOx Inhalation Solution (SIS) – complete data analyses and study report (SIS-01) and prepare for phase 2.
  - SoftOx Biofilm Eradicator (SBE) – complete patient enrolment of the SBE-01 clinical study and proceed to the MAD phase.
  - SoftOx Wound Irrigation Solution (SWIS) – Establishing a QMS for medical devices and GMP production and applying to the Notified Body for regulatory approval in Europe Achieve a 510K clearance for the US market
- Continue the Company's work to show proof of sales in Norway and Sweden
- Deliver additional analysis to The Swedish Chemical Agency and receive final confirmation regarding the approval of SoftOx disinfectants.
- Receive disinfectants and wound care approval to launch the products in selected markets
- Establishing a network of partners and distributors for both wound care and disinfectants

Significant risk factors for the Company

- Research studies always involve an inherent risk of being delayed and not delivering results as expected.
- Lack of approval and delays of applications for conducting clinical studies and products.

- Further delays due to European BPR process.
- Lack of approval and further delays in the regulatory process.
- Financial risk mainly consists of currency, credit, and liquidity risk. SoftOx continuously monitors these factors.
- Intellectual property risks. SoftOx works closely with external patent counsels to minimize the risk of patent infringement claims and prepare any patent defence if necessary.

Declaration by the Board

We confirm, to the best of our knowledge, that the unaudited, summarised half year accounts for the period 1 January to 31 March 2022 have been prepared in accordance with accounting standards for the group and that the information contained in these accounts gives a true and fair view of the group's assets, liabilities, financial position and profits as a whole, and that the half year report provides a true and fair view of the information specified in Section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Oslo, April 27th 2022

SIGNED
Melvin Teigen, Chairman of the Board

SIGNED
Kari Myren, Board Member

SIGNED
Claus Seeberg, Board Member

SIGNED
Olav Jarlsby, Board Member

SIGNED
Geir Hermod Almås, CEO

Profit and loss statement
Accounts for first quarter

SoftOx Solutions Group	First quarter		Year
NOK 1,000	**2022**	**2021**	**2021**
Other operating revenues	1 049	1 483	7 901
Total operating revenues	**1 049**	**1 483**	**7 901**
Personnel expenses	6 538	5 847	21 113
Other operating expenses	17 795	17 554	69 107
Depreciation	906	722	3 784
Depreciation, goodwill	0	0	0
Total operating expenses	**25 238**	**24 124**	**94 004**
Operating result	**-24 189**	**-22 641**	**-86 102**
Net financial items	**-87**	**141**	-189
Profit before tax	**-24 276**	**-22 500**	**-86 291**
Tax			20 888
Annual profit/loss			**-65 403**

Statement of financial position	31.03.2022	31.03.2021	31.12.2021
SoftOx Solutions Group			
NOK 1,000			
Other intangible assets	7 414	5 808	7 370
Deferred tax asset	51 586	30 620	51 347
Goodwill from acquisition of subsidiary	0	0	0
Total intangible assets	**59 000**	**36 429**	**58 717**
Production equipment	3 390	3 878	3 494
Total fixed assets	**3 390**	**3 878**	**3 494**
Non-current assets	**62 391**	**40 307**	**62 211**
Inventory	141	1 969	196
Total inventory	**141**	**1 969**	**196**
Other receivables	7 864	6 678	8 675
Total receivables	**7 864**	**6 678**	**8 675**
Cash and cash equivalents	34 187	54 997	56 984
Current assets	**42 192**	**63 643**	**65 855**
Total assets	**104 583**	**103 949**	**128 066**

Share capital	207	183	207
Share premium reserve	109 530	117 244	175 034
Total paid up capital	**109 737**	**117 427**	**175 241**
Other equity	-24 497	-22 654	-65 504
Total equity	**85 240**	**94 773**	**109 737**
Other long term debts	0	0	350
Other non-current liabilities	**0**	**0**	**350**
Public duties payable	-1 083	-578	38
Shareholder loans	4 995	0	4 995
Other current liabilities	8 121	4 082	6 917
Accounts payable	7 310	5 672	6 029
Total current liabilities	**19 343**	**9 176**	**17 979**
Total liabiities	**19 343**	**9 176**	**18 328**
Total equity and liabilities	**104 583**	**103 949**	**128 066**

Cash flow statement	First quarter		Year
	2022	2021	2021
SoftOx Solutions Group			
NOK 1,000			
Cash flow from operating activities			
Net result before taxes	-24 276	-22 500	-86 291
Tax paid	0	0	0
Depreciation	906	722	3 784
Change in current assets	865	3 285	3 061
Change in current liabilities	1 364	-1 917	6 886
Net cash flow from operating activities	**-21 141**	**-20 410**	**-72 561**
Cash flow from investment activities			
Investments in non-current assets	-847	-357	-4 596
Net cash flow from investment activities	**-847**	**-357**	**-4 596**
Cash flow from financing activities			
Proceeds from equity issues	0	41 209	89 018
Other financing activities	-350	0	10 355
Translation differences	-460	-248	-34
Net cash flow from financing activities	**-809**	**40 962**	**99 339**
Net change in cash and cash equivalents	**-22 797**	**20 195**	**22 182**
Cash and cash equivalents at begining of period	56 984	34 802	**34 802**
Cash and cash equivalents at end of period	**34 187**	**54 997**	**56 983**

Statement of changes in equity			
SoftOx Solutions Group			
	First quarter		Year
NOK 1,000	2022	2021	2021
Equity at end of prior period	**109 737**	**76 218**	**76 218**
Share issues	0	41 209	99 023
Loss for the period	-24 276	-22 500	-65 403
Other changes in equity	-221	-153	-101
Equity at end of period	**85 240**	**94 773**	**109 737**

General accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in small companies in Norway.

Basis for consolidation

The Group's consolidated financial statements comprise SoftOx Solutions AS and companies in which SoftOx Solutions AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Minority interests are included in the Group's equity. Transactions between group companies have been eliminated in the consolidated financial statement. The consolidated financial statement has been prepared in accordance with the same accounting principles for both parent and subsidiary.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

An associate is an entity in which the Group has a significant influence but does not exercise control the management of its finances and operations (normally when the Group owns 20-50% of the company). The consolidated financial statements include the Group's share of the profits/losses from associates, accounted for using the equity method, from the date when a significant influence is achieved and until the date when such influence ceases.

When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's balance sheet is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss.

Use of estimates

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred. Revenues from the sale of services are recognised in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably. Progress is measured as the number of hours spent compared to the total number of hours estimated. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project costs that have been incurred will be recognised as revenue. The total estimated loss on a contract will be recognised in the income statement during the period when it is identified that a project will generate a loss.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as the tax rate of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised. Taxes payable and deferred taxes are yearly recognised directly in equity to the extent that they relate to equity transactions.

Balance sheet classification

Current assets and short-term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short-term liabilities are recognised at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long-term liabilities are recognised at nominal value.

Research and development

Development costs are capitalised providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalised development costs are amortised linearly over their useful life. Research costs are expensed as incurred.

Plant and equipment

Plant and equipment are capitalised and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If the carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted.

Subsidiaries

Subsidiaries are valued at cost in the company accounts. The investment is valued as the cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Inventories

Inventories are recognised at the lowest of cost and net selling price. The net selling price is the estimated selling price in the case of ordinary operations minus the estimated completion, marketing and distribution costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location.

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Pensions

Under the defined contribution scheme the Group does not commit itself to paying specific future benefits but makes annual contributions to the employees' pension savings. The Group's payment to the defined contribution scheme amounts to 7% of salary for Norwegian employees.

Cash flow statement

The cash flow statement is presented using an indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Glossary

BPR	Biocidal Products Regulation
EWMA	European Wound Management Association
FDA	U.S. Food and Drug Administration
FFI	Norwegian Defence Research Establishment
GMP	Good Manufacturing Practice
HINAS	Hospital tender for the infection disease control category
IP	Intellectual property
KemI	Swedish Chemicals Agency
KLD	Ministry of Climate and Environment
MAD	Multiple Ascending Dose
MTEC	Medical Technology Enterprise Consortium
QMS	Quality Management System
R&D	Research and Development
SAD	Single Ascending Dose
SBE	SoftOx Biofilm Eradicator (SoftOx Infection Remover)
SDS	SoftOx Defense Solutions AS
Shares	SoftOx Solutions' issued and outstanding shares, unless the context indicates otherwise, including the Offer Shares offered in the Offering.
SIS	SoftOx Inhalation Solution
SWIS	SoftOx Wound Irrigation Solution
TVOC	Total Volatile Organic Compound

Contact us

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