Annual report

2021

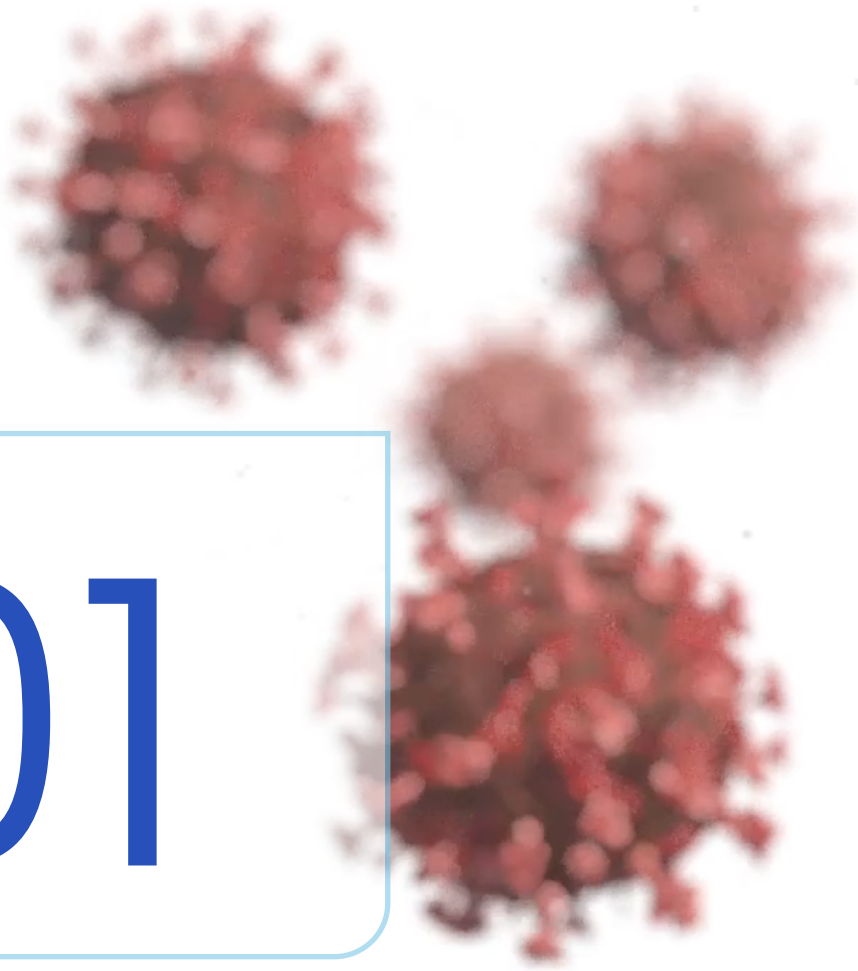
SoftOx Solutions
Organization Number: 998516390

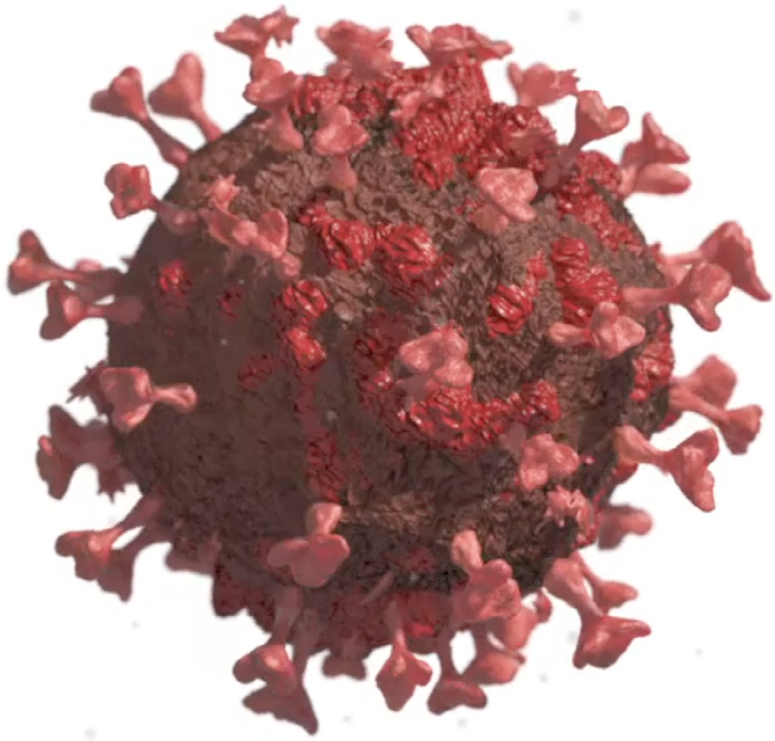
SOFT·OX

By: Shutter B, stock.adobe.com

SoftOx Solutions (ticker: SOFTX) is a Scandinavian medtech and biotech company that has developed a non-toxic and highly effective antiseptic technology which eradicates and prevents biofilm infections and is fully virucidal. SoftOx is based in Oslo, Norway with subsidiaries in Malmö, Sweden and Copenhagen, Denmark.

Contents





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Overview

Highlights 2021

Key achievements

SoftOx Disinfection (hand and surface)

Won Norwegian hospital tender for hand disinfection and Swedish purchasing tender for surface disinfection

EU Commission's interpretation of the Biocidal Products Regulation allows SoftOx to sell its disinfection products in the EU/EEA area, but the discussions with the Norwegian Environment Agency are still ongoing

SoftOx Wound Irrigation Solution (SWIS)

Clinical documentation is complete (SWIS-02) with excellent wound healing results and safety profile

Work in progress to establish a Good Manufacturing Practice (GMP) pilot facility at Fornebu, set up a quality management system (QMS) and develop a final design dossier for EU approval

SoftOx Biofilm Eradicator (SBE)

SBE-01 was approved by DKMA and initiated in 2021 with the first patients enrolled in the study

SoftOx Inhalation Solution (SIS)

SIS-01 was approved by DKMA and initiated in 2021 with the first patients enrolled in the study

Operational highlights

Raised NOK 91.5 million through private placements, employee issue and repair issue

Entered a collaboration agreement with the Norwegian Defence Research Establishment (FFI) and established SoftOx Defense Solutions (SDS)

Entered agreement with Ose Water in which SoftOx can purchase 50 percent of the shares and moved production of disinfection products to Ose in Setesdal

SoftOx Defense Solutions (SDS) submitted a grant application to the European Defence Fund for a pan-European consortium project, and the Norwegian Ministry of Defence committed to co-financing NOK 10.6 million for the proposed project

The Research Council of Norway allocated approx. NOK 2.4 million to SDS for the completion of a PhD for the development of a multiproduct for the Armed Forces

Peer-reviewed scientific publications 2021

- **The Safety and Antimicrobial Properties of Stabilized Hypochlorous Acid in Acetic Acid Buffer for the Treatment of Acute Wounds-a Human Pilot Study and In Vitro Data.**

  Burian, E. A., Sabah, L., Kirketerp-Møller, K., Ibstedt, E., Fazli, M. M., & Gundersen, G.

  The International Journal of Lower Extremity Wounds, published on 5 May 2021

  https://doi.org/10.1177/15347346211015656

- **Skin barrier response to active chlorine hand disinfectant-An experimental study comparing skin barrier response to active chlorine hand disinfectant and alcohol-based hand rub on healthy skin and eczematous skin.**

  Yüksel, Y. T., Sonne, M., Nørreslet, L. B., Gundersen, G., Fazli, M. M., & Agner, T.

  Skin Research and Technology, published on 22 August 2021

  https://doi.org/10.1111/srt.13096

Financial highlights

Key financial figures

NOK 1,000	SoftOx Solution Group		SoftOx Solutions AS	
	2021	**2020**	**2021**	**2020**
Total revenue and other income	7 901	9 839	6 019	6 149
Total operating expenses	94 004	61 203	85 079	50 427
Operating profit (loss)	**-86 102**	**-51 363**	**-79 060**	**-44 278**
Net profit (loss) for the year	**-86 291**	**-49 713**	**-79 173**	**-42 745**
Net proceeds from equity issues	89 018	27 135	89 018	27 135
Net cash flow	22 182	-41 194	27 374	-47 008
Cash and cash equivalents at end of period	**56 984**	**34 802**	**56 076**	**28 703**
Outstanding shares, beginning of the period	8 329 900	7 751 000	8 329 900	7 751 000
Outstanding shares, end of the period	10 342 871	8 329 900	10 342 871	8 329 900
Direct R&D costs of total operating expenses	47%	46%		
Employees, end of the period	21	21	17	19

Our vision

To become a world-leading developer of antimicrobial technology

Our mission

Helping the world

Fighting infections

By: Gorodenkoff, stock.adobe.com

SoftOx in brief

SoftOx Solutions ("SoftOx"/ "The Company") is a Scandinavian medtech and biotech company that has developed a non-toxic and highly effective antiseptic technology which eradicates and prevents biofilm infections and is fully virucidal. The Company is building its product pipeline based on its patented antimicrobial technology platform. SoftOx seeks to create value for patients, society and shareholders through discovering and developing novel medicines.

SoftOx is dedicated to developing a completely new class of antimicrobials (infection prevention and infection treatment), which are effective against bacterial infections, viruses and fungi. This new type of antimicrobial is developed to work locally and non-systemic on tissue, whether it is intended for treatment in wounds, the oral cavity or in the respiratory tract, and does not induce microbial resistance.

Current projects:

- SoftOx Wound Irrigation Solution (SWIS)
- SoftOx Biofilm Eradicator (SBE)
- SoftOx Inhalation Solution (SIS)
- SoftOx Disinfection (hand and surface)

The SoftOx Technology

SoftOx has developed a breakthrough antimicrobial technology designed to address some of the world's greatest health challenges including viruses, biofilm resistance and antimicrobial resistance. The SoftOx technology is built around hypochlorous acid which is produced by white blood cells as the human body's natural defence system.

The SoftOx technology reinforces nature's own ability to eradicate unwanted microbes

By: Gorodenkoff, stock.adobe.com

Global network of researchers and key opinion leaders

SoftOx's scope is expanded and strengthened through the support and interest of influential collaborators in the US and Europe. The Company has a close relationship with leading Nordic universities and research institutions as academic research partners including the University of Copenhagen, University of Oslo, University of Malmö and the Norwegian Defence Research Establishment (FFI).

SoftOx has a clinical development partnership with Bispebjerg Hospital and receives financial support from the Research Council of Norway, US Medical Technology Enterprise Consortium (MTEC) and the Norwegian Ministry of Defence. SoftOx is supported by a result-driven team and collaboration network.

Protected, versatile and clinically proven technology platform

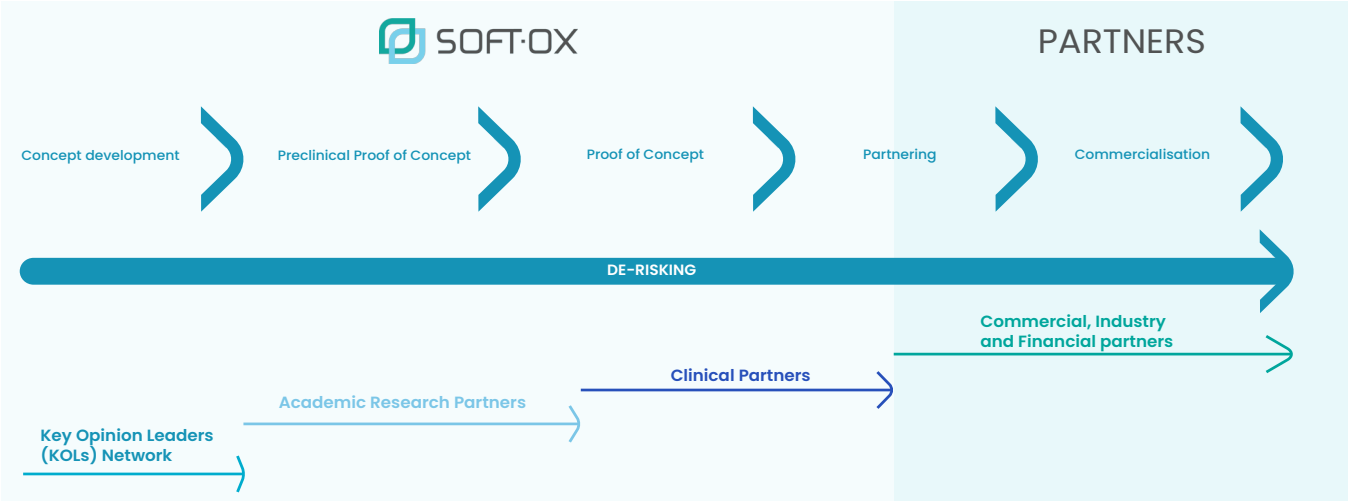
All SoftOx products are based on the same technology and tailored for different indications and uses. The clinical documentation has proven that the base technology is safe, skin friendly, antimicrobial and improves wound healing. The technology is scalable, and the Company is developing projects in multiple regulatory areas. The Company has protected this technology with a broad and extensive patent portfolio, and as of year-end 2021, SoftOx has filed 84 patents worldwide, of which 58 are granted.

With the technology's uniqueness and innovativeness, SoftOx is targeting several market opportunities for product development within disinfection, respiratory and wound care to address the unmet needs for millions worldwide.

Resourced to deliver significant milestones

To develop the SoftOx technology, the Company has established a highly skilled and dedicated team. The accomplishments in 2021 are largely due to the extraordinary efforts of the team and collaborators. At year-end 2021, SoftOx has 21 employees, many of whom have extensive experience from senior management positions in the pharmaceutical and biotech industry. The scientific and research team is highly skilled and specialised with five employees with PhDs, two doctoral research fellows and five external consultants with PhDs involved in the research and development activities of SoftOx.

The executive management team has a wealth of experience in business development, finance and medical strategy to lead the Company in achieving milestones and furthering its mission.



SoftOx Partner Strategy:

Through the years, SoftOx has built a broad network of partners which add value through the stages of development. SoftOx's core competencies are from concept development to the proof-of-concept stage, and then commercial, industry and financial partners will continue the work by funding further development, selling, marketing and distributing the products.

History

2012
SoftOx Solutions AS was founded.

2016
First patent was granted.

2018
A scientific collaboration entered with Costerton Biofilm Center, University of Copenhagen.

Public funding received through the User-driven Research-based Innovation programme (BIA) from the Research Council of Norway and from the EU – phase 1 in the Horizon 2020 programme.

The Company's shares listed on Euronext Growth Oslo.

2019
The Company's first trial involving humans showed positive effects in acute wounds. SoftOx Solutions' first-in-human clinical trial (SWIS-01) with its wound rinsing product SoftOx Wound Irrigation Solution, abbreviated SWIS, was successfully completed.

SoftOx received USD 1,977 million for research and development of the SoftOx Biofilm Eradicator (SBE) from the US Department of Defense (DoD).

2020
First production line in Norway established.

DKMA gives its recommendation for further development of the SoftOx Inhalation Solution (SIS) for the treatment of respiratory infections, including COVID-19, after the positive results of clinical testing in animals.

2021
Results of the clinical investigation of SoftOx Wound Irrigation Solution for acute wounds (SWIS-02) showed both significant improvement in wound healing and reduction in bacterial burden compared to Normal Saline (NS).

SoftOx's hand disinfectant won the Sykehusinnkjøp HF's national tender (HINAS).

DKMA approved first-in-human clinical study for SoftOx wound treatment agent for infections in chronic wounds, SBE, and the first patients are enrolled in the study.

DKMA approved the clinical study SoftOx Inhalation Solution (SIS-01), and the first patients enrolled in the phase 1 trial.

The EU Commission's interpretation of the Biocidal Products Regulation can allow SoftOx to enter the market with all its disinfectant products in the EU and EEA area.

SoftOx won Swedish tender for "surface disinfection with sporicidal effect" and "hypochlorite-based surface treatment with sporicidal effect".

Letter to shareholders

Dear fellow shareholders,

We look back on 2021 as the year of the formal validation of our technology in clinical trials and in the healthcare sector. This is the beginning of a breakthrough for the prevention and treatment of infections. With the COVID-19 pandemic at the forefront of public health issues, SoftOx remained committed to its technology's potential to help the world fight infections. The pandemic propelled our development of the novel aerolised respiratory treatment SIS and the promotion of a skin-friendly alternative to traditional alcohol-based hand rubs and surface disinfectants.

Our vision is to become a world-leading antimicrobial technology company developing breakthrough medical products to help the world fight infections and become the preferred replacement for today's use of antibiotics against infection on tissue. To meet our vision, we defined a clear strategy: to progress and expand our product portfolio, to continue to leverage our technology platform and to secure strategic partnerships that complement our strengths and bring our products to market. We remain incredibly excited about the potential of this technology.

Significant milestones

In 2021, SoftOx continued to invest in and advance projects in the three focus areas of development: disinfection, wound care and respiratory care.

Achieving proof of sales

One of the most significant milestones is the proof of sales of the SoftOx disinfection technology in the healthcare sector through winning the Norwegian hospital tender for alcohol-free hand disinfectants and the Swedish purchasing tender for sporicidal surface disinfectants. This marks validation in our focus market segment as well as the first international tender win. With the disinfection production at Ose Water AS, SoftOx secures reliable production and delivery both nationally and internationally – a significant competitive advantage. We have faced regulatory challenges for our disinfectants, but we are committed to introducing an alcohol-free alternative for a safer and healthier society. According to the EU Commission's interpretation, SoftOx is also allowed to enter the disinfection market in the EU/EEA, but the regulatory challenges in Norway have not yet been decided. We are working to create great opportunities for the upcoming year to spread the scope of SoftOx, introduce our products to a new group of users and share the benefits of our technology.

Advancement in clinical documentation

The proven effect of the SoftOx base technology was confirmed through the completed clinical documentation for the wound rinse product SoftOx Wound Irrigation Solution (SWIS). The initiation and patient enrolment of two clinical studies for a respiratory inhalation treatment (SoftOx Inhalation treatment) and an infection treatment for chronic wounds (SoftOx Biofilm Eradicator) continue to expand the technology's uses and supplement the clinical documentation of the technology's proven effect. The dose-finding phase 1 study for tolerability of the SoftOx Biofilm Eradicator (SBE) in chronic wounds was initiated in May and enrolled its first patients in October after a summer with labour disruptions due to the pandemic and nursing strikes. The SoftOx Inhalation Solution, a respiratory treatment suitable for multiple infectious disease indications, received approval from the Danish Medicines Agency and was initiated in 2021 with the first patients enrolled in October.

Strategy moving forward

SoftOx remains committed to creating value for shareholders, team members and future users. The Company has clearly defined its business strategy as an antimicrobial technology development company seeking strategic partnerships to bring its products to market. SoftOx's strength lies in its research and development with the support of dedicated and skilled team members, collaborations with top universities and research organisations, and the broad patent portfolio protecting the novel findings.

2021's successes far outweighed the challenges, and we are closer than ever to achieving our goals of sharing a new class of antimicrobials. The global attention on viruses and antimicrobial resistance confirms the need for what we have been working on for years – a new solution to fight infections. We are dedicated to creating a better future, and we thank you for investing in our goals with us.

Geir Hermod Almås
CEO, SoftOx Solutions AS

SoftOx projects

The SoftOx Technology

Reinforcing Nature's Own Ability To Eradicate Unwanted Microbes

In collaboration with leading scientific teams at University of Copenhagen and University of Lund, SoftOx has discovered a unique synergetic effect of two natural components, hypochlorous acid and organic acid, which is proven to be well tolerated by both humans and animals even when used in wounds.

Based on this discovery, SoftOx has developed a patented antimicrobial solution with a documented strong antimicrobial effect on all types of bacteria (including multidrug-resistant bacteria and those embedded in biofilms), fungi, spores and viruses (fully virucidal). Importantly, the research has also determined that this novel solution does not induce microbial resistance.

The SoftOx technology

Hypochlorous acid + **Organic acid**

In contrast to antibiotics, the SoftOx formula consists of small molecules, which can penetrate biofilm and kill the biofilm-associated microbes. Endogenous production of hypochlorous acid (HOCl) is an integral part of the body's first line defence against infecting viruses and bacteria. HOCl is produced by white blood cells (neutrophils and macrophages) to kill a wide range of pathogens. These molecules attack microbial structures and inhibit microbial repair mechanisms and metabolism, which ultimately inactivates or kills the virus or bacteria.

The Unique Combination Effect of SoftOx Technology

The SoftOx technology exploits the fact that human bodies are accustomed to handling the natural and potent chemicals that the antimicrobial solution is based on. The safety profile and the antimicrobial efficiency of the technology make it suitable for multiple applications with the aim of preventing and eradicating 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. This unique technology is protected by a robust patent portfolio which provides multiple degrees of freedom to expand into new therapeutic applications.

Key benefits

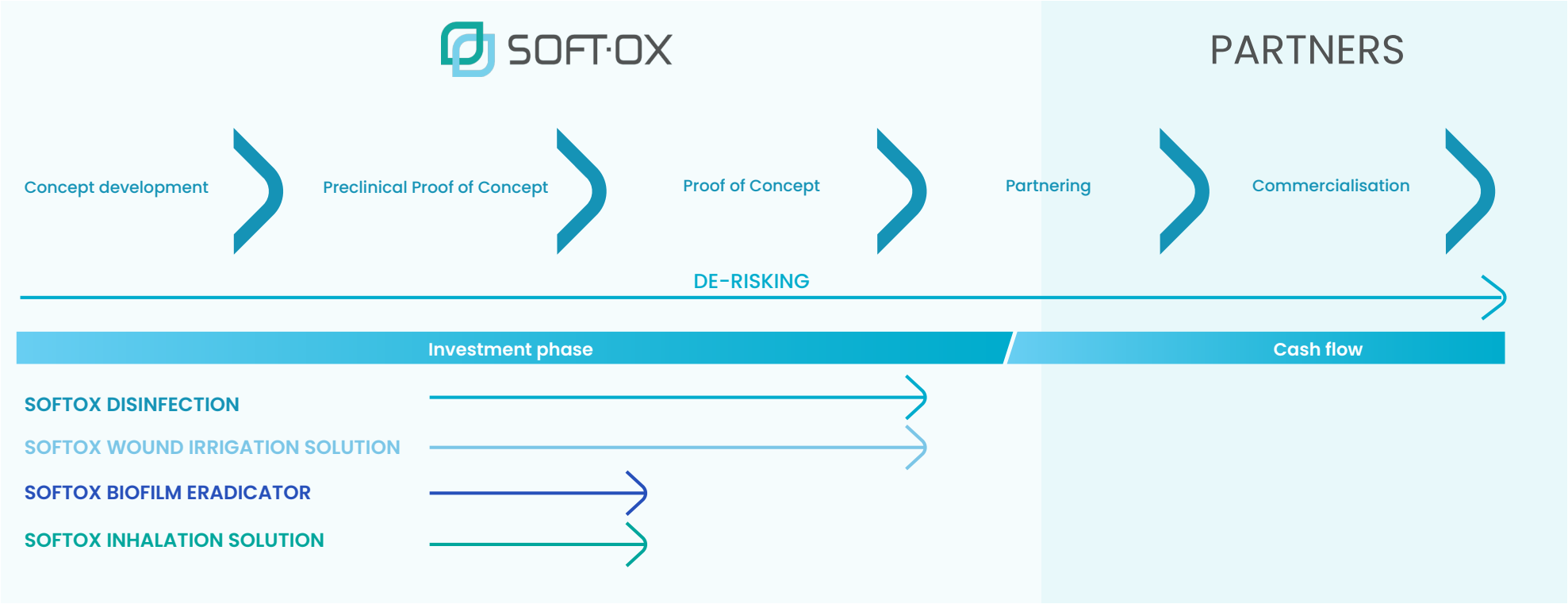
- Unique chemical stability and safety profile
- Strong antimicrobial effects
- Non-toxic, excellent tolerability
- Does not induce microbial resistance
- Technology protected with extensive patent portfolio
- Technology platform suitable for several needs

SoftOx project pipeline

All SoftOx products utilise the same technology, but the concentrations are tailored for different uses and indications. Both hypochlorous acid and organic acid are naturally occurring chemicals that harbour broad antimicrobial effects without inducing resistance.

Studies have documented the strong antimicrobial effect of this technology against all bacteria (including resistant bacteria), fungi and viruses. The Company is developing a range of products that can be classified as either biocides, medical devices or medicinal products (drugs) for human use.

The current business segments can be divided into wounds, disinfection and respiratory. In addition, the Company is also in the concept phase of developing a separate segment for countermeasures against chemical and biological weapons together with the Norwegian Defence Research Establishment (FFI).



Research and development

SoftOx Wound Irrigation Solution ("SWIS")

SWIS is a medical device intended for acute wounds and was 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.

Unmet needs

There are 180 million skin wounds treated in hospitals worldwide each year[1]. Surgical site infections (SSIs) are the most common preventable complication after surgery and occur in 2% to 4% of all inpatient surgical procedures. The cost per infection is estimated to be USD 12,000-25,000 and can cost as much as USD 90,000 depending on the severity and infection complications.[2] The market potential is high, and there have been little or no innovations in this market for a long period of time.

How SWIS works

SWIS uses a lower concentration of active ingredients which makes it well-tolerated and safe when applied to wounds. SWIS is safe to use and non-toxic to host cells and tissue. The solution effectively kills antibiotic resistant bacteria without inducing new resistance.

Today's solutions

Saline water is the most common treatment for acute wounds and holds 80% of the current market. SSIs can be treated with antibiotics but remain as a significant cause of morbidity and mortality after surgery.[3] Currently available topical antibiotics have side effects and limitations including, but not limited to, allergic reactions, poor penetration into the wound and ineffectiveness against antibiotic-resistant organisms and fungal infections.

Key results in 2021

The final confirmatory clinical investigation (SWIS-02 trial) was completed in June 2021. SWIS-02 demonstrates and confirms previous findings (from SWIS-01) to be safe and well tolerated as a wound irrigation solution for acute wounds and not associated with any major risks. The SWIS-02 study showed both significant improvement in wound healing and significant reduction in bacterial burden compared to Normal Saline (NS), positioning the product as superior towards today's market leaders. This is regarded as an important confirmation of the Company's base technology.

The results of SWIS-02 have now been summarised into a manuscript for publication in an international medical journal. 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 2022.

Going forward

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 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. The Company has started preparing an application to obtain US clearance by the US Food and Drug Administration (FDA) for SWIS as a medical device through the Premarket Notification (510(k)) route. Filing is expected to be done in the first half of 2022. Getting closer to a US approval leads to possibilities in relation to discussions with distribution partners.

1. MedMarket Diligence. (2011). Wound prevalence and wound management: 2012-2020.

2. Berríos-Torres S.I., Umscheid C.A., Bratzler D.W., Leas B., Stone E.C., Kelz R.R., et al. (2017) Centers for Disease Control and Prevention Guideline for the Prevention of Surgical Site Infection, JAMA surgery. 2017;152(8):784-91.

3. Surgical Site Infections. PSNet. (2019, September 8). https://psnet.ahrq.gov/primer/surgical-site-infections.

SoftOx Biofilm Eradicator ("SBE")

SBE functions as an infection treatment primarily in chronic wounds and is designed to have therapeutic effect by penetrating and killing microbes within biofilms. SBE's strong, broad-spectrum antimicrobial effect also kills antibiotic resistant bacteria and does not induce new resistance which ultimately may lead to a 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 [4].

Unmet needs

All wounds are susceptible to acquiring infections due to the absence of a protective skin barrier. Globally, it is estimated that 40 million wounds become chronic[5], resulting in two million amputations annually. Treatment of chronic wounds is necessary at an early stage; otherwise, patients can risk severe health consequences such as amputations as well as the rising cost burden due to hospital stays, wound dressings, and the use of regenerative medicine.[6]

Chronic wounds represent a silent epidemic. As these wounds last on average 12/13 months and recur in up to 60/70% of patients, they can lead to loss of function and decreased quality of life as well as are a significant cause of morbidity. In the US alone, wound care treatment exceeds USD 50 billion per year.[7]

In a decision-analytic model developed by MedValue and Radboud University, the results suggest that the use of SBE could reduce annual treatment costs for chronic wounds by up to approximately USD 3,500 per patient compared to today's standard care. The Company is currently exploring different indications such as venous leg ulcers and diabetic foot ulcers to lower healthcare expenses as well as improve the treatment and quality of life for these patients.

How SBE works

To avoid further complications, infections in chronic wounds must be removed to facilitate the healing process. SBE contains an optimal formulation based on the SoftOx technology platform with the aim to achieve a pronounced antimicrobial effect with an adequate safety profile. SBE works by penetrating and killing microbes within biofilms.

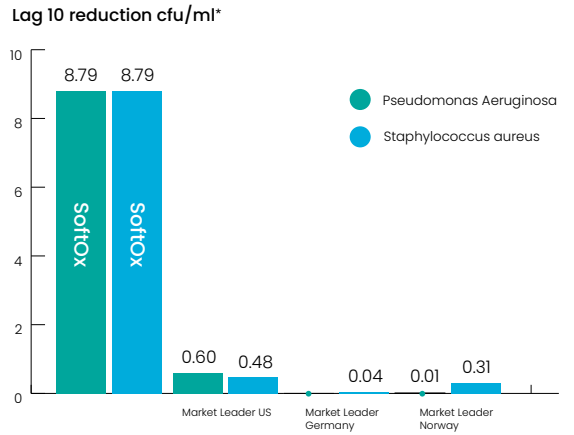
Today's solutions

Current approaches for managing infections in wounds are not effective in eradicating biofilm infections without having adverse effects on the host. Debridement of wounds is one of the most important treatment strategies against biofilms. However, debridement cannot remove all biofilms, and hence should be used in combination with an effective topical antimicrobial agent. Antibiotic resistance and biofilm formation limit the possibilities of using antibiotics in treatment of infections in chronic wounds.

Key results in 2021

In 2021, SoftOx was successful in submitting, gaining approval, and starting the clinical trial SBE-01 phase 1 study. The study site in Copenhagen was initiated in June. The recruitment of patients has been hampered due to a lengthy nationwide nurse strike in Denmark during Q3 and the COVID-19 pandemic; however, patient uptake improved in Q4. The first treatment cohorts confirm that SBE has an encouraging safety and tolerability profile given as a single dose. The ongoing study is a dose-finding study in chronic leg wounds to establish the optimal dose and treatment schedule.

SBE-01 is divided into two stages: the single-ascending dose stage (SAD) and the multiple-ascending dose (MAD) stage. Phase 1 and 2 clinical trials are co-funded by the US Medical Technology



Lead SBE candidates' effect on mature biofilms of bacteria normally found in "hard-to-heal-wounds".

*Experience from Costerton Biofilm Center

Enterprise Consortium (MTEC) in cooperation with the Naval Advanced Medical Development (NAMD) for a project addressing the treatment and prevention of biofilm infections in combat-related wounds.

Going forward

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. After the SAD stage of the SBE-01, the MAD phase will begin. 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. These results combined bring the SoftOx wound treatment close to proof of concept.

4. 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, Article 173053. https://doi.org/10.1155/2014/173053

5. Las Heras, K.; Igartua, M.; Santos-Vizcaino, E.; Hernandez, R.M (2020). Chronic wounds: Current status, available strategies and emerging therapeutic solutions. J. Control. 2020(328), 532–550. 10.1016/j.jconrel.2020.09.039

6. Technavio (2016). Global Negative Pressure Wound Therapy Market.

7. FDA (2016). FDA Executive Summary, Classification of Wound Dressings Combined with Drugs.

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 treatment of upper respiratory tract viral infections (including influenza and COVID-19).

Unmet needs

Viral respiratory tract infection is associated with an enormous economic burden, both in lost productivity and drives a large proportion of consumption of over-the-counter, non-pharmaceutical and/or non-approved products. Approximately 60 million Europeans and North Americans experience influenza like symptoms annually. There are no approved treatments for many of the other viruses causing flu-like illness, yet the total economic impact of non-influenza-related upper respiratory tract infection is estimated to USD 40 billion annually in the US alone.[8]

The current Coronavirus Disease 2019 (COVID-19) pandemic caused by the SARS-CoV-2 virus is the most recent example of the potential health and economic impact of viral upper respiratory tract infection. Despite the immense response in developing and rolling out vaccines, a large proportion of the global population remains unvaccinated or insufficiently vaccinated. These individuals are at higher risk of severe disease and will serve as a reservoir for infection and new emergent viral strains. In addition the historical rollout of SARS-CoV-2 immunisation programmes has taken much longer (average 300 days even in high income countries) than the time it takes for new SARS-CoV-2 variants to emerge (average 100 days).

The International Monetary Fund has forecasted that the COVID-19 pandemic will cost the global economy USD 12.5 trillion through 2024.[9] Thus, there remains a massive need for cost-effective antimicrobial agents that either prevent disease progression and transmission or facilitate disease recovery.

How SIS works

SIS is an aqueous, isotonic formulation of hypochlorous acid, stabilised for aerosolisation and suitable for administration to the respiratory tract (e.g., using a standard nebuliser). SoftOx hypothesizes that SIS inactivates and kills intracellular and extracellular virus in the upper and lower respiratory tract, resulting in a reduction in viral load, thereby improving symptoms, shortening disease duration, and preventing onward disease transmission. Such a drug would be ideal in the efforts to limit the health and societal impact of SARS-CoV-2 and future pandemics.

Today's solutions

25% of those experiencing influenza-like symptoms seek physician care. Only a small proportion (<5%) of these cases are ever confirmed as being caused by influenza virus, and thereby amenable to approved influenza medications. Prescription influenza drugs, such as oseltamivir (Tamiflu), targets just 3% of the market but still has a market value just under USD 1 billion over the next 10 years, despite going off patent. The rest are caused by one or more of a myriad of viruses (including: rhinovirus, adenovirus, parainfluenza virus, respiratory syncytial virus, human metapneumovirus, parvovirus) for which there are no approved antiviral medications.

Key results in 2021

During 2021, SoftOx has advanced considerably on all areas, including non-clinical research, chemistry manufacturing and control (CMC), and regulatory preparedness, culminating in approval of a Clinical Trial Application (CTA) for the "first-in-human" phase 1 study (SIS-01), by the Danish Medicines Authority and study site initiation and enrolment of the first study subjects in Q4.

The phase 1 trial (Safety of Ascending Single and Multiple Doses of Nebulised SoftOx Inhalation Solution in Healthy Subjects, NCT05188638), conducted in collaboration with the University of Copenhagen, is expected to confirm the safety and tolerability profile of SIS, and its suitability for use in the treatment of upper and lower airway infectious diseases. The study is ongoing and is scheduled to complete in 1H 2022.

Obtaining approval from the Danish Medicines Agency for conducting this trial represented an important milestone for the project and for the Company and is evidence of the Company's deepening understanding of the technological platform, disease area, and growing competencies within pharmaceutical development.

Going forward

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 CTA.

8 Fendrick, A. M., Monto, A. S., Nightengale, B., & Sarnes, M. (2003). The economic burden of non-influenza-related viral respiratory tract infection in the United States. Archives of internal medicine, 163(4), 487–494. https://doi.org/10.1001/archinte.163.4.487

9 Reuters. (2022, January 20). IMF sees cost of COVID pandemic rising beyond $12.5 trillion estimate. https://www.reuters.com/business/imf-sees-cost-covid-pandemic-rising-beyond-125-trillion-estimate-2022-01-20/

Tore Rasmussen Stelen
Norsk Farmaceutisk Tidsskrift

Other research and development projects

Industrial PhD projects

SoftOx currently has two PhD fellows working in the research and development team. One of the projects involves the “next generation” products which are designed to give the product new and enhanced attributes. This work is conducted through parts of a doctoral research project, which is partially financed by the Research Council of Norway and in partnership with the Department of Pharmacy at the University of Oslo.

In 2021, The Research Council of Norway awarded approx. NOK 2.4 million to SoftOx Defense Solutions (SDS) for the completion of a PhD for the development of a multipurpose product for the Armed Forces. This PhD programme is in collaboration with the Norwegian Defence Research Establishment (FFI) and the Department of Pharmacy at the University of Oslo.

Animal health

The small study on wound irrigation on small animals conducted in 2021 fell short of expectations due to an unexpected small number of cases and the Company’s dedication of resources to the SIS project. The few indications tested were generally positive, and considerations regarding the initiation of possibly another study will be decided in 2022. Meanwhile, the search for partners, both regionally and internationally, is in progress.

The Company is considering several kinds of cooperation including sole distribution and technology transfer and joint product development. SoftOx plans to commercialise wound rinse products for animals by entering into partnerships with international distributors and producers.

SoftOx Disinfection

SoftOx Alcohol-free Hand and Surface Disinfectant – patent by SoftOx

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. The products have documented full virucidal efficacy on both naked and enveloped viruses (e.g. coronaviruses, influenza virus, norovirus, and others). Enveloped viruses, such as SARS-CoV-2, are inactivated after only 15 seconds of application. SoftOx's surface disinfectant is proven to be effective both on Mycobacterium and spores, which makes it an ideal and proven high-level disinfectant for healthcare settings.

Unmet needs

For health professionals, it is a well-known problem that today's hand rub and disinfection solutions dry out and damage the skin. Due to the increased use and attention around hand disinfection during the COVID-19 pandemic, this issue has become even more relevant. Particularly vulnerable groups such as children, young people, the elderly and people with sensitive, damaged skin or eczema need a safe and skin-friendly alternative to alcohol-based disinfectants. 25-55% of healthcare workers have hand eczema on their hands[10], and 70% of healthcare workers report that they have experienced skin problems due to alcohol-based solutions.

There are an estimated 31.5 million healthcare workers in the EU[11], and the US[12], whereof 10 million have irritated skin and eczema.[13] Due to these skin conditions, 1 million healthcare workers in the EU and the US have a proportionally higher number of sick days and are at risk of losing their jobs which could lead to an increased need for disability benefits. The results from a decision model developed by MedValue and Radboud University show that the effective prevention of hand eczema is valued at an estimated USD 1,080 per healthcare worker.[14] Altogether, this issue creates an estimated USD 30 billion economic burden for US and European hospitals.

10. World Health Organization (2009). Guidelines on Hand Hygiene in Health Care.

11. Eurostat (2020). Majority of Health Jobs Held by Women. https://ec.europa.eu/eurostat/web/products-eurostat-news/-/edn-20210308-1

12. Kaiser Family Foundation (2018). Total Health Care Employment. [Data set]. https://www.kff.org/other/state-indicator/total-health-care-employment/

13. National Eczema Association – Hand Eczema Common Among Health Care Workers. https://nationaleczema.org/hand-eczema-common/

14. MedValue, Radbound University Medical Center and EXCITE International's Panel of 11 KOL/experts (2019). "2019 Health Technology Assessment; SoftOx Hand-wash for Health Care Workers with Eczema." MedValue.

By: Pixels Hunter, stock.adobe.com

How it works

The formulation has been tested in clinical trials as well as pre-clinical biocompatibility studies which have documented its excellent safety and tolerability profile. Even in situations of broken/breached or compromised skin, e.g., often experienced by healthcare workers, it does not sting, burn, or dry out the skin, which makes it an ideal alternative to alcohol-based hand rub. Importantly, the SoftOx formula does not induce microbial resistance. The use of the SoftOx solution can help prevent and reduce hand eczema and irritated skin among healthcare workers, increase hand hygiene compliance and reduce hospital-acquired infections and antimicrobial resistance. SoftOx surface disinfectants are also surface friendly, sporicidal and noncorrosive at normal use conditions.

Today's solutions

Hand disinfectants are usually a liquid or gel formulation containing 70-85% alcohol. These products work by drying out the bacterial cell walls, thereby destroying them. As a consequence, people using alcohol-based hand disinfectants will risk damaging the skin, and the more often alcohol-based products are used, the higher the risk. Therefore, WHO Guidelines on Hand Hygiene in Health Care (2019) recommend an alternative for those who do not tolerate alcohol-based hand rub in health care.

There are also other limitations of using alcohol-based disinfection products. A product without alcohol makes it easier to use an effective and complete solution both in institutions such as prisons, airports, public transport hubs, substance abuse care centres, kindergartens and elsewhere in the healthcare system. Alcohol-free disinfection prevents the risk of abuse and does not pose a fire risk. In addition, much of the equipment in the healthcare system does not tolerate alcohol, which means that there is a need for other alternative cleaning routines than standard alcohol-based disinfections.

Strategy and key results in 2021

SoftOx's strategy is

1. To achieve proof of sales in Norway and increase the disinfectant segment value in the home market and
2. To partner up with international players in relevant segments to complete a wider product portfolio.

The overall mission to help the world fight infections can be realised through a multiple segment partnering strategy. SoftOx's current efforts have focused on three main markets: healthcare, business-to-business (B2B) and the defence sector.

In August 2021, it was announced that SoftOx won the Norwegian national (HINAS) tender for alcohol-free hand disinfection in bottles, where the clinically documented skin-friendliness stood out with top scores in the evaluation criteria of "properties on skin" and quality. By winning the hand disinfection category, SoftOx gained access to 70 public hospitals in Norway, which is important both regarding direct market access and revenue potential. The tender is valid from January 10, 2022, and the first sales have been registered.

In September 2021, SoftOx entered into an agreement to purchase 50 percent of the shares in Ose Water AS and moved all production of disinfection products to Ose in Setesdal. This agreement secures reliable biocide production and delivery both nationally and internationally at a competitive price with high quality for the years to come. SoftOx is actively seeking international industrial partners for market entry into new regions and market segments.

In December, it was announced that SoftOx won two categories in one of the larger regions in Sweden (Varuforsörjningen). This win marks a milestone for SoftOx as this is the first tender SoftOx has won outside of Norway. The accomplishment provides a very good foundation for SoftOx's future investments internationally. The tender is valid from April 1, 2022.

In 2021, SoftOx Defense Solutions (SDS) conducted a randomised behavioural field experiment researching the indoor climate effects replacing alcohol disinfection with SoftOx products at Hemsedal municipality and the results will be made available in 2022.

SoftOx Solutions is currently targeting large market opportunities and intends to have a strong focus on the professional healthcare market worldwide. The Company is currently in dialogue with leading players in key markets: acute wounds, biofilm and chronic wound care, respiratory infection treatment and hand disinfection. As a technology-driven company, SoftOx will continue to explore opportunities for the use of the patented technology in various segments. As a part of the company strategy, SoftOx will partner up with international players where the technology fits into and strengthens their portfolio.

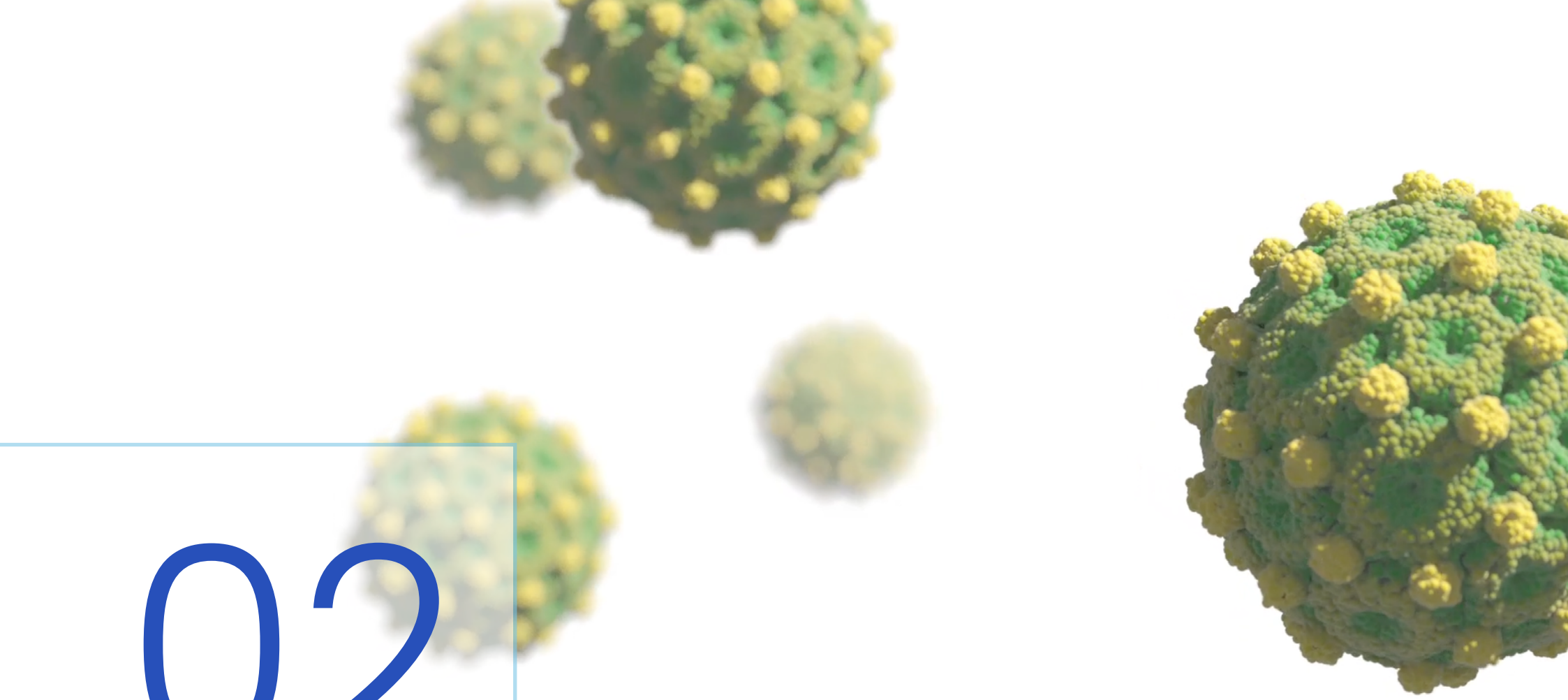
The Biocidal Products Regulation (BPR) approval

The Norwegian approval process continues, and while the process has taken some unexpected turns, the Company is committed to taking the necessary steps to remain in the market and service customers.

From October 2021, SoftOx had to temporarily suspend the sale of hand disinfectant due to rejection of the regulatory biocidal application. However, after several regulatory challenges, the EU Commission's interpretation of the Biocidal Products Regulation can allow SoftOx to enter the market with all its disinfectant products in the EU and EEA area. The regulatory process is still ongoing.

The Norwegian Medicines Agency (Statens Legemiddelverk), the body that regulates surface disinfection within the health sector, has approved both the multipurpose product for hand and surface disinfection as well as the pure surface disinfection product for use within the Norwegian health sector for the period 2022-2026.

In Sweden, the process with the new application progresses. In March 2021, the Swedish Chemicals Agency (KemI) requested additional data after the first application in 2018. The new data has once again shown excellent low values with respect to formation of the impurities in the products, a matter of concern for the relevant authorities. The Company is waiting on an announced timeline from KemI and therefore finds it difficult to estimate the future timeline for the Swedish application process.



02

Board of directors' report

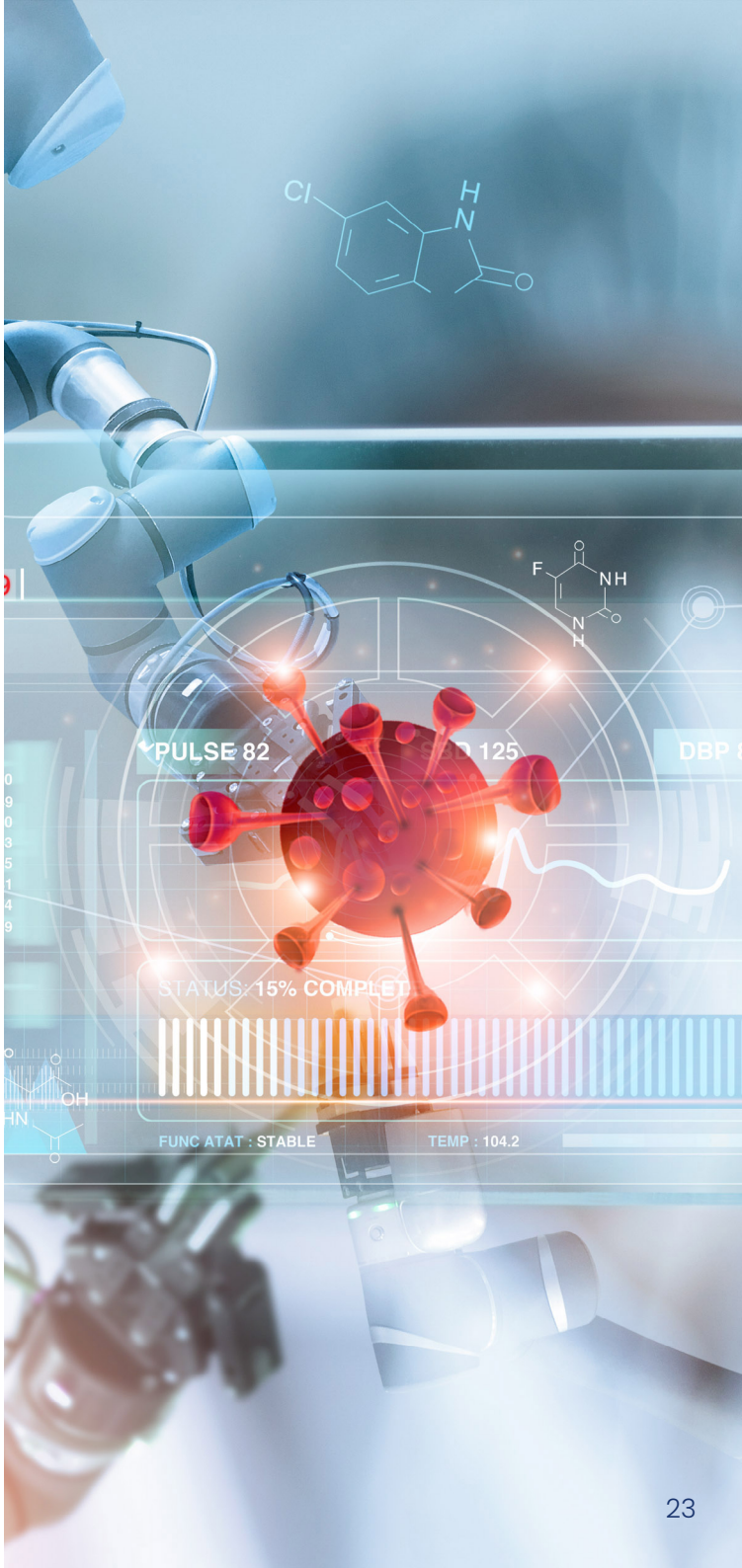
In 2021, SoftOx continued to strengthen its development activities within the infection prevention and treatment market. During the year, SoftOx has achieved significant milestones in the disinfection, wound care and respiratory projects. SoftOx's hand disinfectant won the Norwegian hospital tender (HINAS) and is available as the only alternative to alcohol-based hand rubs in Norwegian hospitals. In addition, SoftOx's surface disinfectant won a purchasing tender in Sweden in two categories.

SoftOx began two clinical trials in 2021. The first trial, with funding from the US Medical Technology Enterprise Consortium (US Naval Research Center), studies the tolerability of SBE in chronic leg sores. The second trial is a dose-finding study of a novel respiratory treatment (SIS) in healthy volunteers in collaboration with the University of Copenhagen. The Company's wound rinse product (SWIS) completed its clinical documentation in 2021 with results of superior wound healing improvement and confirmed SoftOx's base technology.

About SoftOx

SoftOx Solutions AS is a Scandinavian medtech and biotech company, founded in 2012. SoftOx develops products that will help the world fight infections from viruses, biofilm resistance and antimicrobial resistance. SoftOx's unique platform technology reinforces nature's own ability to eradicate unwanted microbes, and the goal is to improve health outcomes for patients worldwide. SoftOx is headquartered in Oslo, Norway and listed on the Euronext Growth Oslo, Oslo Stock Exchange (Ticker: SOFTX).

SoftOx aims to improve health outcomes for patients worldwide



SoftOx is addressing major global issues

SoftOx is working to solve three main global challenges consistent with the company mission of “helping the world fighting infections”.

01

Viral outbreaks and pandemics

A virus is a submicroscopic infectious agent that only replicates inside the living cells of an organism.[15] Over the past 50 years, more than 300 pathogens have emerged or reemerged, including Zika, yellow fever, Ebola and recently SARS-CoV-2. Such epidemics and pandemics have been predicted and are anticipated in the future. There remains an unmet need for effective and well tolerated virucidal solutions to aid infection prevention and control. Respiratory infectious diseases are the third leading cause of death with more than 3 million deaths annually.[16]

The WHO monitors viral outbreaks closely and develops guidelines for infection prevention and control strategies. Proper hand hygiene measures for the general public and for healthcare workers specifically are of crucial importance.

02

Biofilm infections in chronic wounds

Biofilms are aggregates of microorganisms (e.g. bacteria) embedded in a slime-like matrix, which protect the bacteria from the immune system and the effects of antimicrobials (e.g. antibiotics). Biofilms have been observed in various conditions, such as chronic wounds, cystic fibrosis and eczema, and there is growing evidence indicating the adverse role of biofilms in delaying normal wound healing. There are approx. 40 million chronic wounds worldwide each year, and 1-2% of the population in developed countries are projected to experience a chronic wound during their lifetime.[17]

Moist chronic wounds are an ideal environment for bacterial growth and genetic exchange among bacteria, which can lead to antimicrobial resistance.[18] The inappropriate use of antibiotics and their inability to eradicate biofilms further contributes to the development of antimicrobial resistance and places patients at high risk for acquiring or spreading multidrug-resistant microorganisms. To be truly effective, antimicrobial agents must be able to penetrate and kill microbes embedded in the biofilms of wounds without impeding the wound healing process of the host.

03

Emergence of antimicrobial resistance (AMR)

According to the World Health Organization (WHO), antimicrobial resistance (AMR) is one of the largest threats to global health. New forms of resistance are emerging and can spread with remarkable speed between continents. Therefore, it is important to find new ways of treating infections without triggering resistance. Antibiotic resistance refers specifically to resistance to antibiotics occurring in common bacteria that cause infections. AMR is a broader term, encompassing resistance to drugs that treat infections caused by a variety of microbes, such as parasites (e.g., malaria), viruses (e.g. influenza, COVID-19 and HIV) and fungi (e.g. Candida). In 2019 alone, AMR contributed to 4.95 million deaths worldwide.[19] Without innovative solutions, modern treatments for organ transplants, advanced surgery and spinal therapy will fail.

The SofOx technology platform is highly versatile, in which different formulations and product categories can create the potential for a new generation of antibiotics (antimicrobial agents) treating all kinds of infections without generating new antimicrobial resistance.

15. Wu, K. J. (2020, April 15). More than a quadrillion quadrillion individual viruses exist on Earth, but most are not poised to hop into humans. National Geographic. https://www.nationalgeographic.co.uk/science-and-technology/2020/04/there-are-more-viruses-than-stars-in-the-universe-why-do-only-some-infect-us

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17. Sen, C.K. et al. (2009) Human Skin Wounds, Wound Repair Regen, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2810192/

18. FDA Executive Summary, Classification of Wound Dressings Combined with Drugs (2016).

19. Antimicrobial Resistance Collaborators (2022). Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis, The Lancet. https://doi.org/10.1016/S0140-6736(21)02724-0

By Artinun. stock.adobe.com

Strategic direction

Becoming a world-leading developer of antimicrobial technology

SoftOx is committed to developing new ways of eradicating infections and fighting antimicrobial resistance. The focus is to deliver projects from the concept development phase to a partnering phase with the necessary preclinical and clinical documentation. SoftOx is a research and development company, which creates value through developing applications for the antimicrobial technology. SoftOx is responsible for progressing projects to achieve the proof of concept (PoC) or proof of sales stage where it is suitable to be taken over by partners. SoftOx is seeking strategic partners depending on the project – industrial, financial, institutional – to help bring the projects to the market and meet user needs.

SoftOx - A networking company

SoftOx currently develops projects in three regulatory classifications: biocides, medical devices and drugs. The risk profile of the Company's development products varies from lower risk and investment projects such as biocides and medical devices to high risk and investment drug development projects each with a different payment and reimbursement structure.

The Company's partner strategy is to find the right partner at the different levels of product development. SoftOx's core activities involve research and development and taking the products from a concept to completing the required preclinical and clinical documentation.

Collaboration is central to the operations and goals. SoftOx seeks like-minded partners for the different development steps. These established collaborative partnerships are instrumental in the future partnerships SoftOx is seeking to take products into the commercialisation phase. The product development process begins with concept development by establishing the user need and willingness to pay. Supporting partners include EXCITE International, a collaboration with industry leaders such as Blue Cross/Blue Shield and Mayo Clinic; the World Health Organization's project group Private Organizations for Patient Safety ("POPS") and the European Wound Management Association (EWMA). In 2021, SoftOx also entered a collaboration agreement with the Norwegian Defence Research Establishment (FFI), the primary institution responsible for defence-related research and development in Norway, to develop and field test SoftOx's technology and civilian products for military purposes.

The next step involves in vitro and animal studies to obtain preclinical PoC. This stage normally includes testing of the drug in non-human subjects to gather efficacy, toxicity and pharmacokinetic information. SoftOx has strong connections with leading Nordic universities, including Malmö University, University of Copenhagen and University of Oslo, and the FFI who serve as opinion leaders and academic research partners moving into the clinical phase.

The following step involves pilot and confirmative studies or clinical trials phase 1/2 to reach PoC in humans. Bispebjerg Hospital has been a long-standing partner of SoftOx in testing the effectiveness and safety of products. In the final step, the Company reaches out to partners for market adoption. As SoftOx's strengths and business objectives do not involve these commercialisation operations, the Company is seeking strategic partnerships with external partners for the distribution, sales and marketing of the SoftOx products.

SoftOx continuously considers collaborations with industry and academic groups to develop and strengthen the Company's strategic and competitive position as well as ways to expand its technology platform to offer better treatments for patients.

Operational review

All SoftOx products utilise the same technology, but the concentrations are tailored for different uses and indications. The technology is based on a combination of naturally occurring chemicals that harbour broad antimicrobial effects without inducing resistance. The Company is today developing a range of products that can be classified as either medical devices or medicinal products (drugs) for human use. The current business segments can be divided into wounds, disinfection and respiratory. In addition, the Company is also in the concept phase of developing a separate segment for countermeasures against chemical and biological weapons together with the Norwegian Defence Research Establishment (FFI).

SoftOx Disinfection (hand and surface)

In August 2021, it was announced that SoftOx won the Norwegian national (HINAS) tender for alcohol-free hand disinfection in bottles, where the clinically documented skin-friendliness stood out with top scores in the evaluation criteria of "properties on skin" and quality. By winning the hand disinfection category, SoftOx gained access to 70 public hospitals in Norway, which is important both regarding direct market access and revenue potential. In December, it was announced that SoftOx won two categories in one of the larger regions in Sweden (Varuforsörjningen). This win marks a milestone for SoftOx as this is the first tender SoftOx has won outside of Norway.

In September 2021, SoftOx entered into an agreement to purchase 50 percent of the shares in Ose Water AS and moved all production of disinfection products to Ose in Setesdal. This agreement secures reliable production and delivery both nationally and internationally at a competitive price with high quality for the years to come. SoftOx is actively seeking international industrial partners for market entry into new regions and market segments.

The Norwegian approval process continues, and while the process has taken some unexpected turns, the Company is committed to taking the necessary steps to remain in the market and service customers. From October 2021, SoftOx had to temporarily suspend the sale of hand disinfectant due to rejection of the regulatory biocidal application. However, after several regulatory challenges, the EU Commission's interpretation of the Biocidal Products Regulation can allow SoftOx to enter the market with all its disinfectant products in the EU and EEA area.

SoftOx Wound Irrigation Solution (SWIS)

The final confirmatory clinical investigation (SWIS-02 trial) was completed in June 2021. SWIS-02 demonstrates and confirms previous findings (from SWIS-01) to be safe and well tolerated as a wound irrigation solution for acute wounds and not associated with any major risks. The SWIS-02 study showed both significant improvement in wound healing and significant reduction in bacterial burden compared to Normal Saline (NS), positioning the product as superior towards today's market leaders. This is regarded as an important confirmation of the Company's base technology.

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 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. The Company has also started preparing an application to obtain US clearance by the US Food and Drug Administration (FDA) for SWIS as a medical device through the pre-market notification (510(k)) route.

SoftOx Biofilm Eradicator (SBE)

In 2021, SoftOx has been successful in submitting, gaining approval, and starting the clinical trial SBE-01 phase 1 study. The SBE solutions have been produced according to GMP, and the study site in Copenhagen was initiated in June. The recruitment of patients has been hampered due to a lengthy nationwide nurse strike in Denmark during Q3 and the COVID-19 pandemic; however, patient uptake improved in Q4. This has led to completion of the first two study cohorts and allowed advancement to the third dose-level cohort. This confirms that SBE has an encouraging safety and tolerability profile given as a single dose. By completing SBE-01, the Company will be able to determine the optimal concentrations and dosing schedule for treating chronic wounds with SBE.

SoftOx Inhalation Solution (SIS)

The SIS project was fully initiated in the beginning of 2021. During the year, SoftOx has advanced considerably in all areas, including preclinical research, product quality and regulatory preparedness. This enabled the Company to complete the scientific documentation and submit a full Clinical Trial Application (CTA) for the “first-in-human” phase 1 study (SIS-01) to the relevant regulatory bodies by the end of March 2021 and obtaining full acceptance from the Ethics Committee (VEK) and conditional approval from DKMA – i.e., reaching important milestones.

The conditions for approval were related to additional data on antimicrobial effectiveness and preliminary data from the ongoing GLP toxicity in minipigs. These conditions were nicely met and re-submitted late September. This resulted in a final approval from DKMA, leading to study site initiation and enrolment of the first study subjects. The phase 1 trial is a part of the development programme for the use of SIS in the treatment of SARS-CoV-2 (COVID-19) and other respiratory tract infections and evaluates the safety and tolerability of single and multiple doses of inhaled nebulised SIS in healthy subjects.

Financial review

Income statement

(Figures in brackets equals the same period 2020 unless stated otherwise)

Operating income

Operating income for the full year 2021 amounted to NOK 7,9 million (NOK 9,8 million) for the Group and NOK 6 million (NOK 6,1 million) for Solution. The income consists primarily of grants from the Research Council of Norway under the BIA programme for User-driven Research-based Innovation, NOK 3,2 million (NOK 5,7 million), reimbursement from Department of Defense, NOK 2,9 million (NOK 0,5 million) and sales of disinfectants, NOK 1,8 million (NOK 3,7 million).

Operating expenses

Total operating expenses for 2021 for the Group amounted to NOK 94 million (NOK 61,2 million), and NOK 85 million (NOK 50,4 million) for Solution. Employee costs in the Group were NOK 21,1 million (NOK 18,9 million), and NOK 16,3 million (NOK 15,2 million) for Solution for full year 2021. An increase of respectively 12 percent and 7 percent is mainly due to new employees in the research and development area, especially the Inhalation project. For the full year 2021, other operating costs for the Group amounted to NOK 69,1 million (NOK 39,6 million) and NOK 68,7 million (NOK 35,2 million) for Solution. The increase in operation costs is driven by expansion of clinical trials and regulatory challenges.

The Group has recognised government grants for a total of NOK 3,2 million (NOK 5,7 million) for the full year 2021. Payroll expenses have been reduced by NOK 2,4 million (NOK 0,73 million) and operation expenses by NOK 0,8 million (NOK 4,1 million) as a result of these government grants. The operating loss for the Group in 2021 was NOK 86,1 million (NOK 51,4 million) and NOK 79 million (NOK 44,3 million for Solution), reflecting the increased level of activity related to research and development.

Net financial profit for the Group was NOK -0,2 million (NOK 1,6 million) and NOK -0,1 million (NOK 1,5 million) for Solution for the full year 2021. Losses after tax for the Group were NOK 65,4 million (NOK 37,4 million) and for Solution NOK 59,8 million (NOK 31,9 million) for the full year 2021.

Statement of financial position

Total assets 31 December 2021 for the Group increased to NOK 128 million (87,3 million) for the Group and to NOK 141,2 million (NOK 96,2 million) for Solution, mainly due to several share issues. Total liabilities were NOK 18,3 million (NOK 11,1 million) for the Group and NOK 17 million (NOK 11,2 million) for Solution. The increase is mainly driven by a short-term loan from the Company's shareholder, Almhaug Bolig AS.

Total equity as of 31 December 2021 was NOK 109,7 million (NOK 76,2 million) for the Group and NOK 124,1 million (NOK 84,9 million) for Solution, corresponding to an equity ratio of 85,7 percent (87,3 percent) for the Group and 87,9 percent (88,3 percent) for Solution.

Statement of cash flow

Net cash flow from operating activities was negative by NOK 72,6 million (NOK 60,4 million) for the Group and negative by NOK 71,6 million (NOK 50,2 million) for Solution for the full year 2021, mainly driven by the level of activity related to the research and development.

Net cash flow used in investing activities during the full year 2021 was negative by NOK 4,6 million (NOK 7,7 million) for the Group and NOK 0,1 million (NOK 23,9 million) for Solution. Net cash flow from financing activities was NOK 99,3 million (NOK 26,9 million) for the Group and NOK 99 million (NOK 27,0 million) for Solution for the full year 2021, reflecting the share issues and reparation share issue in relation to the completion of the private placement, in addition to the employee share issue in March 2021.

Cash and cash equivalents decreased to NOK 57 million (NOK 34,8 million) for the Group and NOK 56 million (NOK 28,7 million) for Solution.

Dividend

The Company is in an investment phase and expects to be there in the coming years. SoftOx is focusing its resources on becoming a world-leading developer of antimicrobial technology and the Board of Directors will recommend payment of dividends in line with the Company's results, financial position, product and market development plans and outlook. SoftOx does not expect to pay dividends in the near future. The Board will recommend dividends when the Company has results that can justify such a payment.

Share capital and board mandates

As of 31 December 2021, there were 10 342 871 ordinary shares outstanding, up from 8 329 900 shares at year end 2020, following the private placement in January, subsequent repair offerings and shares issued under the employee share option programme during the year. At the extraordinary General Meeting December 29, 2021, the Board of Directors was granted authorisation to purchase up to 10% of its own shares.

The Company has one class of shares, and all shares carry equal voting rights. The Company had more than 2 500 shareholders 31 December 2021. The results for the Group for 2021 show a loss of NOK 65,4 million. The Board proposes that the loss should be covered by share premium.

Going concern and subsequent events

Pursuant to § 3.3 (a) of the Norwegian Accounting Act, it is confirmed that the conditions for assuming that the Group is a going concern are present, and that the financial statements have been prepared on the basis of this assumption. No events have occurred since the end of 2021, except those which are stated in this report that are of major significance for the assessment of the Company's financial position and results.

Risk factors and risk management

SoftOx is subject to several operational and financial risk factors and uncertainties which may affect parts or all of the activities in the Group. The Company proactively manages such risks, and management and the Board of Directors analyse operations and potential risk factors to take measures to reduce risk exposure.

Financial risks

Interest rate risk

The Group holds cash and cash equivalents and does not have any borrowings. The Group's interest rate risk is therefore in the rate of return of its cash on hand. Bank deposits are exposed to market fluctuations in interest rates, which affect the financial income and the return on cash.

Exchange rate risk

The value of non-Norwegian currency denominated costs will be affected by changes in currency exchange rates or exchange control regulations. The Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from the clinical trials and research expenses. The Group is mainly exposed to fluctuations in Danish kroner (DKK), euro (EUR), and US dollar (USD). The Group holds part of the bank deposit in DKK depending on the need for such foreign exchange.

The foreign currency exposure is also mostly linked to trade payables with short payment terms. The Group might consider changing its current risk management of foreign exchange rate if it deems it appropriate.

Credit risk

Credit risk is the risk of counterparty's default in a financial asset, liability or customer contract, giving a financial loss. The Group's receivables are generally limited to receivables from public authorities by way of government grants. The credit risk generated from financial assets in the Group is limited since it is cash deposits. The Group places its cash in bank deposits in recognised financial institutions to limit its credit risk exposure. The Group has not suffered any loss on receivables during 2021 and the Group considers its credit risk as low.

Liquidity risk

Liquidity is monitored on a continued basis by the Board of Directors and Group management. The Group works continuously to ensure financial flexibility in the short and long term to achieve its strategic and operational objectives. The Board of Directors and the management considers the Group's liquidity situation to be satisfactory. The Group secured equity funding of gross NOK 50 million in December 2021.

Operational risks

Research and development

Developing medtech and biotech products inherently involves high risk, both in regard to the outcome of clinical trials, completion of clinical trials in a timely fashion, changes in clinical programmes and results of product development. The Company seeks to mitigate risk through appropriate measures. The Company designs its clinical studies according to best practice and in compliance with international regulations to minimise risk. Specialised Clinical Research Organisations (CROs) are contracted to help in these efforts. The clinical studies are carried out in collaboration with world-class international partners with solid experience in conducting such studies and are conducted according to all applicable quality standards.

Commercial risk

Commercial risks include the time and costs involved in developing products, market competition, regulatory approvals, patent protection and the ability to attract partners. The Company focuses on ensuring sufficient patent protection and works closely with external patent counsels to minimise the risk of patent infringement claims as well as to prepare any patent defence should this be necessary. SoftOx has been successful in forming partnerships with leading companies in its field. They contribute both financially and with R&D expertise, thereby helping to reduce risk.

Market risk

The Company's ability to successfully commercialise its products is dependent on several factors, including the receipt of the necessary marketing approvals, established commercial manufacturing and supply arrangements, the ability to establish a commercial infrastructure and a general acceptance of the products among physicians, patients and/or the medical community. The Company's ability to commercialise its products is also dependent on the Company's ability to compete with other products, successfully execute the Company's pricing strategy, in addition to qualify for, identify, register, maintain, enforce and defend the intellectual property rights and claims covering the product. The development methodology starts with an evaluation of unmet market need and willingness to pay, usually in close cooperation with key opinions leaders, to reduce the market risk as much as possible.

Collaborations and partnerships risks

To successfully conduct its business and operations, the Company is dependent on the ability to develop and sustain successful partnerships and collaborations with different partners within several fields. These partners may include suppliers, the third parties necessary to conduct clinical trials, distributors, marketing partners and key customers or licencees. The different partnerships and collaborations are necessary for the Company to be able to successfully develop, produce, distribute and attain sufficient market acceptance of its product and product candidates. In addition, the Company is dependent on a third-party distribution network, domestic and internationally in order to secure sales of its products. To mitigate the risk SoftOx has a partner strategy – to find the right partner at the different levels of product development. We seek like-minded partners for the different steps, and these collaborative partnerships we have established are fundamental in future partnerships we are seeking to take our products into the commercialisation phase. Examples include FFI and the US Navy Advanced Medical Development for the defence sector.

Intellectual property rights

The Company's success, competitive position and future revenue is dependent on its intellectual property rights and the Company's ability to protect its rights and know-hows. Adequate protection of its intellectual property will require the Company to obtain and maintain patent protection for its methods, products, processes, technologies and to preserve the Company's trade secrets. Adequate protection will also require the Company to operate without infringing the intellectual rights of third parties and preventing third parties from infringing on the Company's intellectual rights. SoftOx has a close cooperation with Brown Rudnick LLP which is the main architect behind the Company's IP strategy. The Company has an ongoing patent application process to secure new inventions and has key patents filed in US, Europe, Asia and several South American countries.

Human resources

As a highly specialised and scientifically focused company, SoftOx relies on its ability to attract, train and retain talent and expertise. The Company has implemented a compensation scheme and strives to be an attractive employer by offering an inspirational and flexible working environment.

The COVID-19 pandemic

SoftOx continues to operate during the COVID-19 pandemic and is monitoring the situation closely. The Company has implemented strict measures to ensure the safety of patients, customers, employees and business partners while maintaining an uninterrupted level of service and supply. Additional measures are continuously considered. As of the date of this report, the direct impact on SoftOx's business from the COVID-19 pandemic has been limited as impact on profit and loss, but it has caused some delays in the clinical trials of SBE. In the future, short- and long-term business development and operations may be affected by the COVID-19 situation in various ways. It is currently not possible to quantify all such effects given the ongoing pandemic conditions. The Company will update the market if there are relevant changes to operations.

Organisation

The Group's leadership team at year end consisted of Geir Almås, CEO, Kristine Rød, CFO, Glenn Gundersen, CMO, Finn Ketler, CCO, Ingrid Juven, Project Manager, Karina Langseth-Manrique, Chief CMC Officer and Trine Hasselknippe Olsby, HR. The Board of Directors held 15 meetings in 2021. All members of the Board of Directors are shareholder-elected. The members of the Board of Directors were at the end of 2021: Melvin Teigen (Chairman of the Board), Kari Myren, Olav Jarlsby and Claus Seeberg.

SoftOx has offices in Oslo, Norway, and in Copenhagen, Denmark. At the end of 2021 SoftOx had 21 employees. In addition, the Company has a strong network of consultants to support the operations and development. The Company's policy is to outsource noncore operations and highly specialised services. The work environment within the Company is considered to be a good, positive environment.

No accidents or injuries resulting in absence were registered in 2021. Absence due to illness in the Company was 2,2% of total hours in 2021, compared to 0% in 2020.

SoftOx aims to be a workplace with equal opportunities in all areas. The Company has traditionally recruited from environments where the number of women and men is relatively equally represented. In terms of gender equality within the Company, 25% of board members are women, as are 50% of the senior management team at the end of 2021. Working time arrangements at the Company, independent of gender, strive to enhance the individual work-life balance. SoftOx's policy is to promote equal rights and opportunities and prevent any kind of discrimination based on gender, ethnicity, nationality, sexual orientation, ancestry or religion. SoftOx is working actively to promote the Anti-Discrimination Act. These activities include recruitment, salary and working conditions, promotion, professional development and protection against harassment. Furthermore, SoftOx aims to be a workplace where there is no discrimination on the basis of disability. A diverse and inclusive workplace supports innovation and contributes to a positive work environment in which people can grow both professionally and personally.

Corporate social responsibility (CSR)

Infections and antimicrobial resistance remain one of the most pressing healthcare challenges in the world. Respiratory infectious diseases are the third leading cause of death while antimicrobial resistance is regarded as one of the biggest threats to global health. Our vision is to become a world-leading developer of antimicrobial technology and help the world fight infections, and thereby create value for patients, society and shareholders through our work in discovering and developing novel medicines.

CSR is therefore important to us as it is the foundation of our activities and directly linked to our long-term success. In order to have a real impact, we will in the coming years work towards strengthening our sustainability management. The aim will be to identify environmental, social and governance (ESG) topics in SoftOx value chain that are material for us and our stakeholders. Our key stakeholders include our patients and their families, our employees, investors, regulators, suppliers and other business partners, such as research organisations and academic institutions.

Today's CSR strategy focus on three main areas:

1. Employees
2. Environment and climate
3. Business ethics

We believe responsible behaviour is key to build trust and protect the reputation of the Company, and our CSR main areas provide an important means for us to prioritise our activity in these areas.

SoftOx's ability to succeed also depends on the interest, trust, relationships and reputation among all key stakeholders including R&D partners, employees, regulatory authorities, and shareholders. This applies across the value chain of each product candidate and in every phase of the R&D cycle.

Employees

The primary focus of SoftOx's corporate social responsibility (CSR) efforts is its employees. SoftOx's employees are essential for delivering on the Company's ambitions and goals. SoftOx aspires to attract, develop and retain the best people in the sector.

The Company strives to be a company where employees thrive and develop, regardless of their background or nationality. The Company works continuously to ensure the well-being of and a safe and healthy work environment for its employees.

SoftOx promotes an open and strong corporate culture with a healthy, safe and fair work environment in accordance with applicable laws and regulations. SoftOx will not use force of any form or involuntary labour or employ any persons below the legal minimum age. At the end of 2021, the Group employed 21 people, of which 1 was a part-time employee and 4 were employed in subsidiaries. SoftOx aims to foster a workplace with equal opportunities for women and men in all areas. The Group has traditionally recruited from environments with relatively equal representation of women and men. The team of employees consists of 57 percent women and 43 percent men, representing 7 different nationalities. The Board consists of 25 percent women. The executive management team consists of 50 percent women and 50 percent men.

The working environment in the Group is regarded as good. Working-time arrangements at the Company, independent of gender, strive to enhance the individual work-life balance. There were no accidents or work-related injuries during the reporting period. The sick-leave rate of absence was 2,2% in 2021.

SoftOx promotes a productive and inclusive working environment, free from harassment, discrimination and disrespectful behaviour. All employees are offered equal opportunities with regards to hiring, compensation, training, promotion, termination or retirement regardless of gender, age, ethnic and national origin, cultural beliefs, religion, sexual orientation, social background or other distinguishing characteristics.

Environment and climate

It is SoftOx's mission to bring new innovative products to patients in the most sustainable way and with respect for the environment. SoftOx has a focus on how to minimise the Company's impact on the environment, reducing waste and handling it in a safe and responsible way.

SoftOx is a member of the Grønt Punkt. All company activities are subject to strict requirements in relation to quality, environment, and personal health. SoftOx is consistently working to only outsource production and distribution to select vendors that fulfil both internal and external requirements. Our technology goal is to substantially reduce the use of dangerous chemicals within disinfection and patient treatment. An example is our disinfection products. By switching to SoftOx's disinfectants, one can reduce the use of chemicals and chlorine by 99 percent and still achieve the same antimicrobial effects. The use of our products does not induce antimicrobial resistence and will hopefully reduce the dependence on antibiotics.

We also strive towards avoiding unnecessary travel and promote the use of online meeting facilities, when possible, to reduce the Company's CO2 footprint.

Business ethics

SoftOx is committed to lawful and ethical behaviour with all our stakeholders and requires all board of directors and staff to comply with the applicable laws and regulations. SoftOx has a zero tolerance towards corruption and any kind of money laundering. All employees are obligated to avoid any kind of violations of these matters. No violations have been reported in 2021.

In collaboration with external contractors, SoftOx is performing pre-clinical studies in animals and clinical trials. SoftOx is committed and continually working to minimise the risk that both volunteers, patients and animals are exposed to in order to ensure safety, quality and animal welfare.

The biotech pharmaceutical industry is governed by extensive global and European regulations and laws. Pre-clinical and clinical trials must be conducted in compliance with the relevant regulations and laws. SoftOx is committed to operate in accordance with responsible, ethical and sound corporate and business principles and will always strive to comply with applicable laws and regulatory requirements in all areas of research and development. SoftOx complies with international regulations, laws, guidelines and standards for development of new drugs such as:

- Good Laboratory Practice (GLP)
- Good Pharmacovigilance Practice (GVP)
- Good Clinical Practice (GCP)
- Good Clinical Laboratory Practices (GCLP)
- Good Manufacturing Practice (GMP)

The Company also complies with relevant regulation and guidelines issued by the Norwegian Medicines Agency (NoMA), European Medicines Agency (EMA), US Food and Drug Administration (FDA) and others.

All employees and external contractors are strictly obligated to adhere to applicable standards and all studies are performed in accordance with ethical and scientific principles governing both pre-clinical studies and clinical trials in humans, as set out in the Declaration of Helsinki, the International Conference on Harmonisation (ICH) guidelines on Good Clinical Practice and instructions given by the ethics committee in the specific country. All external contractors are qualified and competent in providing these types of studies and have a strong collaboration with leading experts on how to design and optimise trial conduct.

Our clinical trials and animal trials are only initiated if they are scientifically and medically justified and have been externally validated by clinical and scientific experts, and after approval by the relevant regulatory authorities and ethics committees. Clinical trial subjects (and or the legally authorised representative) must give written consent after being properly and fully informed of the trial, including its risks and potential benefits. Participants are duly informed that they can withdraw from the trial at any time, without any explanation, and then will receive appropriate standard care.

SoftOx and relevant authorities conduct regular site monitoring visits to ensure that clinical trials are conducted in accordance with the applicable approved study protocol. All adverse events are monitored and reported to regulatory authorities and ethics committees as required, and appropriate actions are taken when needed. Our trials ensure all proper indemnification of participants in case a product candidate or trial procedure causes bodily harm. We publish our trials on the appropriate clinical trial registries (e.g clinicaltrials.gov) in a timely manner. We endeavour to publish results in peer-reviewed journals in accordance with Good Publication Practice and at relevant scientific meetings and congresses.

As a publicly listed company, we also have the obligation to communicate important trial results in a timely manner to shareholders and the wider investor community via press releases.

Governance

Ensuring good governance practices and “doing things the right way” involves all people in SoftOx. This includes governance as documented in the guidelines for corporate governance, local and industry specific guidelines like good pharmacovigilance practice as well as ethical conduct and anticorruption based on the SoftOx values and respect for human rights. SoftOx’s supplier requirements in terms of adherence to Company practices, guidelines and values are an integral part of all stages of the procurement process including selection and auditing.

SoftOx considers solid corporate governance as a prerequisite to creating value for shareholders and gaining the confidence of investors. SoftOx will strive to comply with the generally accepted principles of good corporate governance through its internal controls and management structure. SoftOx’s aim is that its guidelines for corporate governance will be in line with the latest version of the Norwegian Code of Practice for Corporate Governance, and a description of this is given in the annual report. A complete description of the recommendation is available at the Norwegian Corporate Governance Board (NCGB) web pages (www.nues.no).

The Board of Directors and executive management of SoftOx are covered under a Group Directors’ and Officers’ liability insurance, managed by Riskpoint. The insurance covers personal legal liabilities including defence and legal costs.

Outlook and objectives

SoftOx is a technology company with several products nearing entry into the commercial phase. With resources and efforts focused on the Company's core competencies in research and development. SoftOx is seeking and discussing plans with partners to bring the products to the market. In the coming year, SoftOx anticipates establishing a spin-off company for further drug development and beginning commercial talks for several products in the current portfolio. The strength of the technology platform is that there are many opportunities for development of projects based on SoftOx technology that we are excited about following the completion of the current projects. With a strong patent portfolio and highly skilled researchers, SoftOx is well resourced for future endeavours.

Progressing work on the development of each project:

- Establish an international network of partners for both wound care and disinfection.
- SoftOx Wound Irrigation Solution (SWIS) – Establish a quality system for medical devices and GMP production and apply to the Notified Body for regulatory approval.
- SoftOx Biofilm Eradicator (SBE) – finish phase 1a of the SBE-01 clinical study and proceed to phase 1b.
- SoftOx Inhalation Solution (SIS) – finish phase 1 of the SIS-01 clinical study and proceed to phase 2.
- Start marketing and sales to the Norwegian healthcare system through HINAS and to Mid-Sweden through the regional tender of Varuförsjörningen.
- Receive disinfectants and wound care approval to launch the products in selected markets.

Oslo
The Board of Directors, SoftOx Solutions AS
4th of May 2022

Melvin Teigen	**Geir Hermod Almås**	**Olav Jarlsby**	**Kari Myren**	**Claus Seeberg**
Chairman of the Board	Chief Executive Officer	Member of the Board	Member of the Board	Member of the Board

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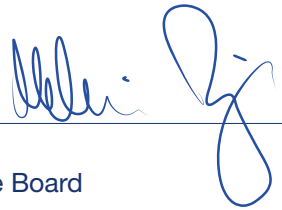
Confirmation from the Board of Directors and CEO

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January to 31 December 2021 have been prepared in accordance with NGAAP and reflect a true and fair view of the Group and the Company's consolidated assets, liabilities, financial position, results of operations under the assumption of continued current operations, and that the Report of the Board of Directors provides a true and fair view of the development and performance of the business as well as the position of the Group and the Company along with a description of the key risks and uncertainty factors that the Company may be facing.

Oslo 4th of May 2022
SoftOx Solutions AS



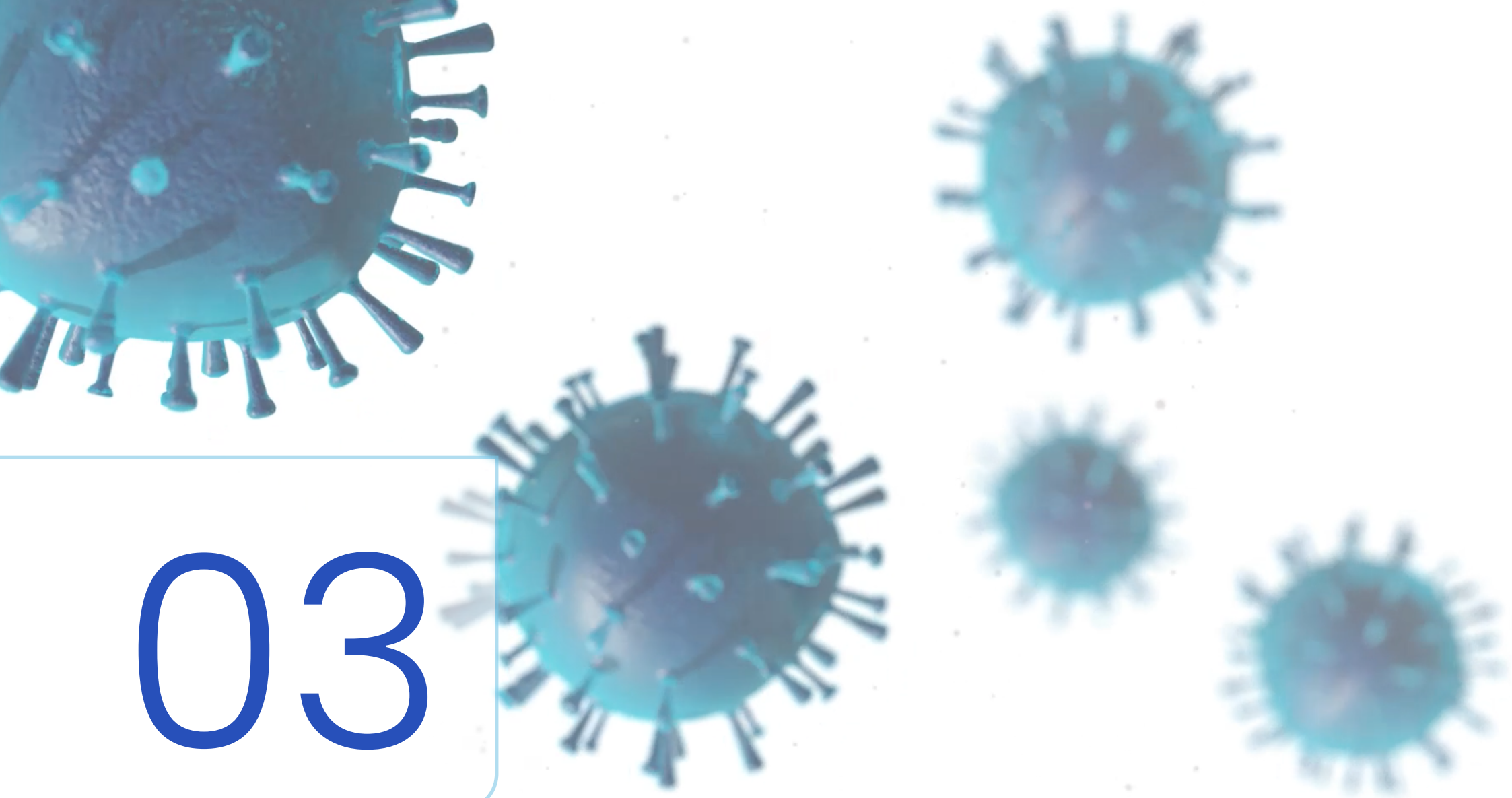
Melvin Teigen
Chairman of the Board

Olav Jarlsby
Member of the Board

Kari Myren
Member of the Board

Claus Seeberg
Member of the Board

Geir Hermod Almås
Chief Executive Officer



03

Governance

Corporate governance in SoftOx

SoftOx is committed to Good Corporate Governance

SoftOx considers good corporate governance to be a prerequisite for sustainable value creation and trustworthiness, and for access to capital. SoftOx is committed to good corporate governance practices based on good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

The Board of Directors has established a set of governance principles in order to ensure a clear division of roles between the Board of Directors, the executive management and the shareholders.

The principles are based on compliance with relevant parts of the Norwegian Code of Practice for Corporate Governance ("the Code").

SoftOx is not subject to annual reporting requirements on corporate governance but has chosen to issue a corporate governance statement as part of its annual report, with explanations to any deviations from the Code.

The annual statement on corporate governance for 2021 follows below. The statement was approved by the Board of Directors May 2022 and follows the structure of the latest version of Code, dated 14 October 2021.

1. Implementation and reporting on corporate governance

The Company will seek to comply with the Corporate Governance Code. The Board of Directors shall include a report on the Company's corporate governance in its annual report, including an explanation of any deviations from the Corporate Governance Code.

Deviations from the Code: 2021 is the first year SoftOx is reporting on corporate governance, and there are some minor deviations. Although the Company is not a listed company on the main list at Oslo Børs and hence not required to comply or report on compliance with the Code, the Company will seek to comply on all steps in the coming years.

2. Business

The Company's operations comply with the business objective set forth in its articles of association section 3: "The Company's objective is to undertake research and development for use in humans and veterinary medicines, including medicines, medical equipment and disinfection products". The Company has developed clear goals and strategies which are further described in the annual report for 2021.

SoftOx Solutions AS is seeking to advance the infection market with a strong science-based technology. By developing and selling new, revolutionary disinfection and infection treatment products, SoftOx is obligated to deliver safe and high-quality innovative products at reasonable prices. SoftOx has developed and established guidelines that lay down the ethical standards and procedures. The Board of Directors of the Company has adopted several corporate governance guidelines, including code of conduct, anti-corruption policy, rules of procedure for the Board of Directors, corporate governance, guidelines for remuneration, Investor Regulations policy, and guidelines for corporate social responsibility.

Deviations from the Code: None

3. Equity and dividends

Capital adequacy

SoftOx had total equity on 31 December 2021 of NOK 109,7 million, corresponding to an equity ratio of 85,7 percent. The Board of Directors considers this to be an adequate level relative to the risk and scope of operations based on the Company's internal estimated capital requirements. The Company's capital situation is continuously monitored, and the Board of Directors will take adequate steps to capitalise the Company if deemed necessary.

Dividend policy

SoftOx is focusing on the research and development and does not anticipate paying any cash dividend until sustainable profitability is achieved. The Company does therefore not have a dividend policy and has previously not distributed any dividends to its shareholders.

Board authorisations

At the Company's extraordinary general meeting, held on 29 December 2021, the Board of Directors was granted the following authorisation:

- The Board of Directors is granted an authorisation to increase the Company's share capital by up to NOK 40,300, which constitute 20% of the Company´s outstanding shares. The purpose of the authorisation is to permit the issue of new shares as consideration in connection with acquisitions, in connection with the exercise of options to subscribe for shares and to raise new equity to strengthen the Company's financing.

For supplementary information on the authorisations, reference is made to the minutes of the annual general meeting held on 29 December 2021, available on the Company's website.

Deviations from the Code: None, except the Company do not have a dividend policy.

4. Equal treatment of shareholders and transactions with close associates

SoftOx has only one class of shares. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

Share issues without preferential rights for existing shareholders

In the event of a share capital increase through the issue of new shares, a decision to waive the existing shareholders' preferential rights to subscribe for shares shall be justified. Where the Board of Directors resolves to issue shares and waive the preferential rights of existing shareholders pursuant to an authorisation granted to the Board of Directors by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance. In 2021, there has been one completed share capital increase where existing shareholders rights and equal treatment have been secured by subsequent offerings.

Transactions in treasury shares

Any transactions in treasury shares shall be carried out through Euronext Growth, Oslo, and in any case to prevailing stock exchange prices. In the event that there is limited liquidity in the Company's shares, the Company will consider other ways to cater for equal treatment of shareholders. There were no such transactions in 2021.

Approval of agreements with shareholders and close associates

For transactions that are considered to be not immaterial between the Company and its closely related parties, the Board of Directors will arrange for an independent and fair valuation. Members of the Board of Directors and executive personnel are required to notify the Board of Directors when such members have any significant, direct or indirect, interest in a transaction carried out by the Company. In 2021, SoftOx received a short-term loan from one of the shareholders, Almhaug Bolig AS. The loan included a one-year option for buying shares equal to the value weighted stock price the last five days before signing the contract minus 5%. The Board considered the agreement to be within equal treatment of all shareholders.

Deviations from the Code: None

5. Shares and negotiability

The shares of the Company are freely negotiable, and the Company's articles of association do not place any restrictions on the negotiability of shares.

Deviations from the Code: None

6. General meetings

The general meeting is open to all shareholders, and SoftOx encourages all shareholders to participate and exercise their rights in connection with the Company's general meetings. The right to participate and vote at the general meeting can only be exercised for shares registered in the shareholders' register by the fifth business day prior to the day of the general meeting.

Notice of a general meeting and any supporting documents, other information on the resolutions to be considered, shall be made available on the Company's website no later than 7 days prior to the date of the general meeting. The deadline for registration will be set as close to the meeting as possible, and all the necessary registration information will be described in the notice.

Shareholders unable to attend may vote by proxy. Whenever possible, the Company will prepare a proxy form that will allow separate votes for the items that are to be considered in the general meeting. The agenda for the annual general meeting is stipulated by the articles of association, and the main topics to be considered include the approval of the annual accounts and the Director's report. The Chairman of the Board is normally the chairperson for the general meeting. If there is disagreement on individual items for which the Board Chairman belongs to one of the factions or is not regarded as being impartial for other reasons, another chairperson will be appointed to ensure impartiality regarding the items to be considered. The chairperson of the Board of Directors, the CEO and the CFO shall, as a general rule, be present at the annual general meeting. Representatives of the Nomination Committee, as well as the auditor, should be present at general meetings where matters of relevance for such committees/persons are on the agenda.

Minutes from the general meetings will be published in accordance with the stock exchange regulations. In 2021, SoftOx held its annual general meeting on 12 April. In addition, extraordinary general meetings were held on 29 December. In accordance with Norwegian provisional legislation exempting companies from physical meetings requirements, the meetings were held virtually.

Deviations from the Code: None.

7. Nomination Committee

The Nomination Committee of SoftOx consists of two members. The Nomination Committee is responsible for recommending candidates for the election of members and Chairman of the Board of Directors. The current Nomination Committee consists of:

- Dag Vangsnes
- Kristian Almås

All members are considered independent of the Company's Board of Directors and executive management. All shareholders are entitled to nominate candidates to the Board and contact information for proposing candidates can be found on the Company's website.

Deviations from the Code: The committee has not been included in the articles of association and elected by the General Meeting.

8. Board of Directors, composition, and independence

Pursuant to Article 5 of the Articles of Association, the Board of Directors shall consist of between one and six members. The current Board of Directors consists of four members, of whom one is a woman and three are men. All members are elected for a term of two years and may be re-elected. The Board is independent of the Executive Management and material business contacts, more than two members are independent of the main shareholders, and none of the Company's executive managers serve on the Board of Directors. The Company's annual report provides information to illustrate the expertise of the members and their record of attendance at Board meetings. Board members are encouraged to own shares in the Company.

Deviations from the Code: None

9. The work of the Board of Directors

The Board of Directors is responsible for establishing a strategy and plans for the Company, a control system that ensures that the Company satisfies the law's requirements, articles of association and requirements for Corporate Governance and ethical standards in addition to monitoring the business operations of the Executive Management.

The Norwegian Companies Act regulates the duties and procedures of the Board of Directors. In addition, the Board of Directors has adopted supplementary rules of procedures, which provides further regulation on inter alia the duties of the Board of Directors and the CEO, the division of work between the Board of Directors and the CEO, the annual plan for the Board of Directors, notices of Board proceedings, administrative procedures, minutes, transactions between the Company and the shareholders and confidentiality.

At the meetings of the Board of Directors, which are held approximately every two months, the CEO updates the Board on the operational and financial developments of the Company. The Board of Directors reviews and evaluates its work annually.

Deviations from the Code: The Company does not have an audit committee or Remuneration committee since it is not a requirement for a small and medium-sized company. For 2022, a remuneration committee will be established.

10. Risk management and internal controls

SoftOx Solutions AS has the responsibility for the establishment of a risk management and internal control system that complies with regulations applicable for the activity. The company are implementing comprehensive set of procedures, risk assessments, policies and manuals that provide detailed descriptions of activities in all aspects of the products, including development, clinical studies, controls, manufacturing, and finance. All procedures always reflect best practice and SoftOx strives for simplicity in all its operations to minimise the risk of mistakes but never to compromise on quality and compliance. SoftOx ensures compliance with the General Data Protection Regulation (GDPR) and human resources process to protect employee data.

Deviations from the Code: The Board of Directors has carried out a review of the Company's most important areas of exposure to risk and its internal control arrangements every two years but will in the coming year have an annual review and are continually improving the process.

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors shall be decided at the Company's general meeting when they are elected, and should reflect the Board of Directors' responsibility, expertise, time commitment and the complexity of the Company's activities. Consultancy work performed by board members which is not included in this remuneration shall be invoiced according to a written agreement between the rest of the Board and the Board member and the amount invoiced each year will be identified in the annual report. The remuneration to the Board of Directors consists of an annual fee and starting share options.

Deviations from the Code: None, except starting share options.

12. Remuneration of the Executive Management

The Company recognises the importance of attracting and retaining key employees and executive managers, and the compensation package is regarded as an important tool in this respect. The Company has an option scheme which aims to align the long-term interests of the Executive Management with those of the shareholders. The options are granted subject to the achievement of defined targets for the past year. Warrants typically vest over a period of five years and are granted annually with a strike similar or above stock price at the year end. For further information about the remunerations, reference is made to remuneration policies.

Deviations from the Code: None

13. Information and Communications

General

The Company has targeted investor relation activities with the aim to consistently provide the market with timely and accurate information. The Company's reporting of financial and other information is based on openness and considers requirements for equal treatment of all investors. The Board will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, considering the requirement for equal treatment of all participants in the securities market.

The Company will each year publish a financial calendar, providing an overview of the dates for major events such as its ordinary general meeting and publication of interim reports.

Information to shareholders

All information distributed to the Company's shareholders will be published on the Company's website approximately at the same time as it is sent to shareholders. The Chairman of the Board and the CEO are authorised to speak on behalf of the Company, and delegate such authority as is appropriate in relevant cases.

Deviations from the Code: None

14. Take-overs

There are no defence mechanisms against take-over bids in the Company's articles of association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company. In the event of a take-over process, the Board of Directors and the executive management will ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board of Directors has a special responsibility in ensuring that the shareholders have sufficient information and time to assess the offer. In addition to complying with relevant legislation and regulations, the Board of Directors will seek to comply with the recommendations in the Code of Conduct, including a valuation from an independent third-party. On this basis, the Board of Directors will make a recommendation as to whether the shareholders should accept the bid. The Board of Directors has not established any other written guidelines for procedures to be followed in the event of a take-over bid, as such situations normally are characterised by specific and one-off situations which makes guidelines challenging to prepare.

Deviations from the Code: The Company has not established separate principles for how to act in a take-over situation as described.

15. Auditors

The Company's auditors, Berge Lundal, is regarded as independent in relation to SoftOx. The auditors provide a statement each year confirming their independence. The auditors attend the board meeting at which the Board of Directors discusses the annual financial statements, accounting principles and other relevant matters. At each year's annual general meeting, the Board of Directors discloses the fees paid to the auditors.

Deviations from the Code: None, except guidelines in respect of use of the auditor has been established.

Our people

SoftOx's employees are essential for delivering on the Company's ambitions and goals. SoftOx aspires to attract, develop and retain the best people in the sector. The Company strives to be a company where employees thrive and develop, regardless of their background or nationality. The Company works continuously to ensure the well-being of and a safe and healthy work environment for its employees.

SoftOx's office and laboratories in Oslo, Norway serve as the Company's head office.

Board of Directors

Melvin Teigen

Melvin Teigen is a business executive with more than 30 years of experience across several industries. Among these, Teigen has held the position as the leader of the listing department at Oslo Børs and as an investment banker at Carnegie and Kaupthing.

He has also been the CEO and Director in several Sissener companies (within the asset management business). Other past experience includes CEO/ directorships/management positions in several companies across different industries, both listed and unlisted. Teigen holds a Master of Science in business from BI Norwegian Business School with specialisation in finance (1986).

Attendance: Board meetings: 15/15

Melvin Teigen holds 16 000 shares and 25 000 share options in SoftOx.

Olav Jarlsby

Olav Jarlsby has been serving as a board member on the Board of Directors from the start of SoftOx Solutions. Jarlsby currently holds the position as General Counsel and attorney-at-law at Elopak AS.

In addition to being a board member of the Company, Jarlsby is a board member in other companies within several different areas such as fish protein, fasteners and real estate. Jarlsby holds a Master of Law from the University of Oslo.

Attendance: Board meetings: 14/15

Olav Jarlsby holds 24 100 shares and 12 500 share options in SoftOx.

Kari Myren

Kari Myren has more than 10 years' experience within the medical field and clinical development from biotechnology and pharmaceutical industries, as well as extensive clinical experience in the field of surgery.

She is also a specialist in medical affairs management and drug development and has broad experience within business development, commercialisation strategy and health economics. Myren holds a medical degree from the University of Oslo.

Attendance: Board meetings: 15/15

Kari Myren holds 0 shares and 12 500 share options in SoftOx.

Claus Seeberg

Claus Seeberg has more than 20 years of experience with communication and brand building from some of the biggest consumer brands in Norway. He is currently working on an accelerator programme that offers developing companies access to mentorship, investors and other support to help them become stable, self-sufficient businesses.

Seeberg is a specialist in managing business processes and strategies that drive brand value. Seeberg has studied marketing at the George Washington University (GWU) and Merkantilt Institutt (now Fagskolen Kristiania). He has also studied design and advertising at Istituto per l'Arte e il Restauro, Palazzo Spinelli Group in Florence, Italy.

Attendance: Board meetings: 15/15

Claus Seeberg holds 202 870 shares and 12 500 share options in SoftOx.

Management team

Geir Hermod Almås, Chief Executive Officer

Geir Almås is the CEO of SoftOx and became a co-founder of the Group in 2008. Almås has previously worked for five years as an auditor for Coopers & Lybrand (now PwC) and nine years in governance, risk management and compliance (GRC), including seven years as risk manager for KLP Asset Management.

Prior to joining SoftOx Solutions, Almås has since 2004 worked with business development in Norway and Poland, including five years as CEO and part-owner in Polfarm Sp. z o.o. and 9 years as CEO in SoftOx Group. Almås has a broad network both in Norway and internationally. He holds a Master of Science in business from BI Norwegian Business School and he is a Chartered Accountant (Nw: Statsautorisert revisor) with the Norwegian School of Economics (NHH).

Kristine Mundal Rød, Chief Financial Officer

Kristine Mundal Rød joined SoftOx in 2020 as the CFO. She has more than 15 years of financial management, corporate development, corporate governance and advisory experience with public and private companies across multiple industry sectors.

The majority of her career was spent at EY as financial auditor for listed companies, various organisations and publicly funded projects, in addition to advisory services related to procedures, processes and controls in financial and non-financial (sustainability) reporting, before joining the Salvation Army where she was in charge of P&L, analysis, forecasting and strategy for one of the subsidiaries. Rød is a State Authorized Public Accountant (Nw: Statsautorisert revisor) and holds a Master of Business Administration in economics from the Norwegian School of Economics (NHH).

Glenn Gundersen, Chief Medical Officer

Glenn Gundersen is the Company's Chief Medical Officer and is responsible for the preclinical and clinical development of the Company's leading product candidates and overall medical strategy. He has more than 25 years of experience from the biotech and pharmaceutical industry, ranging from big pharma to small and medium-sized biotech companies.

Gundersen's primary scientific and medical focus areas have been molecular biology, oncology, immunology and inflammation including wounds/ ulcers and multiple sclerosis. He has extensive experience and insight into the value chain of pharmaceutical development (e.g. from laboratory to market). Gundersen holds a Ph.D. in molecular and cellular biology from the University of Oslo.

Finn Ketler, Chief Commercial Officer

Finn Ketler is the Company's Chief Commercial Officer and is responsible for commercialising Softox's medical device ambitions, establishing proof of sales and negotiating partnership agreements with distributors and the industry.

Ketler has experience from LEGO, Arla and Coloplast where he served as SVP until 2010. Since his corporate days, Ketler has supported several start-up companies and as a CEO listed Vigmed AB at NASDAQ (First north) in Stockholm. Finn is an ambitious entrepreneur with passion for the commercial development of a company. Ketler holds a MSc in economics and cand merc. in strategy & management from Aarhus University.

Karina Langseth-Manrique, Chief CMC Officer

Karina Langseth-Manrique is SoftOx's Head of Chemistry, Manufacturing and Control (CMC).

Langseth has 35+ years of experience in pharmaceutical R&D, and has held Analytical Sciences R&D and Project Management positions in GE Healthcare AS and Oslo University Hospital. Karina holds a PhD in analytical chemistry from the University of Oslo.

Trine Hasselknippe Olsby, HR Manager

Trine Hasselknippe Olsby is responsible for human resources and HR management. Olsby has more than 14 years of experience with personnel management, recruitment, labor law, project management, HMS, development of employee surveys and employee interviews. She is an experienced HR manager with a focus on management coaching and previous experience from the legal and financial sectors.

Olsby holds a bachelor in HR management and completed a master's programme in Norwegian labor law from BI Norwegian Business School.

Ingrid Juven, Project Manager

Ingrid Juven is the Company's project manager. Juven has over 25 years of consulting and management expertise within a variety of industries.

Her previous roles include Director at EY, Partner at Frost Nordic, Senior Consultant at D'Arcy and Marketing Manager at Egmont Entertainment. Juven holds an MBA in management and marketing from BI Norwegian Business School.

Research and development management team

Christopher Burton, Chief Medical Officer – SIS

Christopher Burton is responsible for the overall project and clinical development of SoftOx Inhalation Solution ("SIS"). Burton is a specialist in internal medicine physician with a PhD in lung transplantation, and more than 15 years' work experience within the pharmaceutical industry. He possesses a strong clinical and research background with special interests in respiratory and immunology therapy areas, risk analysis, translational medicine, and real-world evidence.

Prior to joining SoftOx, Burton was the Senior Director of Clinical Development at Savara Pharmaceuticals where he served as the clinical lead and medical expert for three phase 3 trials evaluating nebulised antibiotics and nebulised GM-CSF products in two different orphan diseases. Burton holds a PhD from Copenhagen University and is a member of the Royal College of Physicians (London), with a Bachelor of Medicine and Bachelor of Surgery degree from Imperial College (London) and a Master of Arts (MA) in medicine from University of Cambridge.

Thomas Bjarnsholt, Chief Scientific Officer - SIS

Professor Thomas Bjarnsholt is the Chief Scientific Officer of SoftOx Solutions and leads the SoftOx Inhalation Solution (SIS) project together with Christopher Burton. Bjarnsholt is an expert in bacterial, viral and fungal biofilms in chronic and acute infections with more than 210 peer-reviewed publications. He is a member of the Global Wound Biofilm Expert Panel, among the most cited researchers in the world (only 60 in Denmark) according to the list based on Web of Science and the number 1 biofilm researcher worldwide according to ExpertScape.

Bjarnsholt holds a part-time position at SoftOx and also works as a professor at the Costerton Biofilm Center in the Department of Immunology and Microbiology at the University of Copenhagen and Department of Clinical Microbiology at Copenhagen University Hospital. He took his PhD on biofilm infections in lungs of cystic fibrosis patients. Bjarnsholt is the co-inventor of the SoftOx technology and has previously served on the SoftOx advisory board.

Magnus M. Fazli, Director of Science & Research

Magnus M. Fazli is the Company's Head of Science & Research. He is responsible for preclinical, scientific, technological and research operations. Fazli has 15 years of academic research experience and is a specialist in microbial biofilms, chronic infections and antibiotic resistance. He also has training in commercialisation of bioscience.

Fazli holds a Ph.D. in medical microbiology from the University of Copenhagen, with focus on biofilms in chronic wounds. He also holds a Master of Science in bio-technology from the Technical University of Denmark and a Master of Science in bio-business and innovation from Copenhagen Business School.

Remuneration report 2021

Chairman's letter

”

"In 2021, SoftOx continued to advance with major achievements in the research and development towards addressing significant unmet medical needs."

This statement regarding remuneration of the management of SoftOx has been adopted by the Board of Directors of SoftOx Solutions AS pursuant to section 6-16a of the Norwegian Public Limited Companies Act.

In 2021, SoftOx continued to advance with major achievements in the research and development towards addressing significant unmet medical needs. The COVID-19 pandemic has affected SoftOx along with many other companies across this sector. However, for SoftOx the pandemic also presented a unique business opportunity based on the discovery of the Inhalation Solution project (SIS)'s potential COVID-19 effect. An extraordinary effort from the SoftOx team resulted in this discovery being translated into clinical trials, and thus value for the Company. In a time where many businesses have struggled, SoftOx has been fully operational all year, without the need for government grants. After careful consideration, the Board of Directors has applied its remuneration practices cautiously, but normally to be able to develop the business, recruit and retain key personnel in order to pursue our strategic goals.

After the annual general meeting, the new Remuneration Policy will be available on the Company's website in the Corporate Governance section. I look forward to receiving your support for our new Remuneration Policy at the annual general meeting 12 May 2022.

Melvin Teigen

Chairman of the Remuneration Committee

4th of May 2022

The Remuneration Committee

The Board of Directors with the support of the Remuneration Committee determined the remuneration policy for SoftOx. The applied remuneration practices must continue to support the strategic aims of the business and enable recruitment, motivation and retention of senior executives. At the same time, SoftOx's practices must take account of the views of governance bodies and the expectations of shareholders and the wider employee population.

The Board of Directors approves the total remuneration of the CEO, which is communicated to the shareholders through the annual report. The Board of Directors also has final approval of the remuneration of the senior management, based on the recommendation of the Remuneration Committee.

The Board of Directors has established a Remuneration Committee for 2022, and the committee consists of members of the Board of Directors. The members in 2022 will be:

- Melvin Teigen, Chairman
- Claus Seeberg, member
- Kari Myren, member

The CEO and CFO will give input to levels of remuneration and performance and will not participate in final conversations regarding their own levels of remuneration.

Overview of the Remuneration Policy

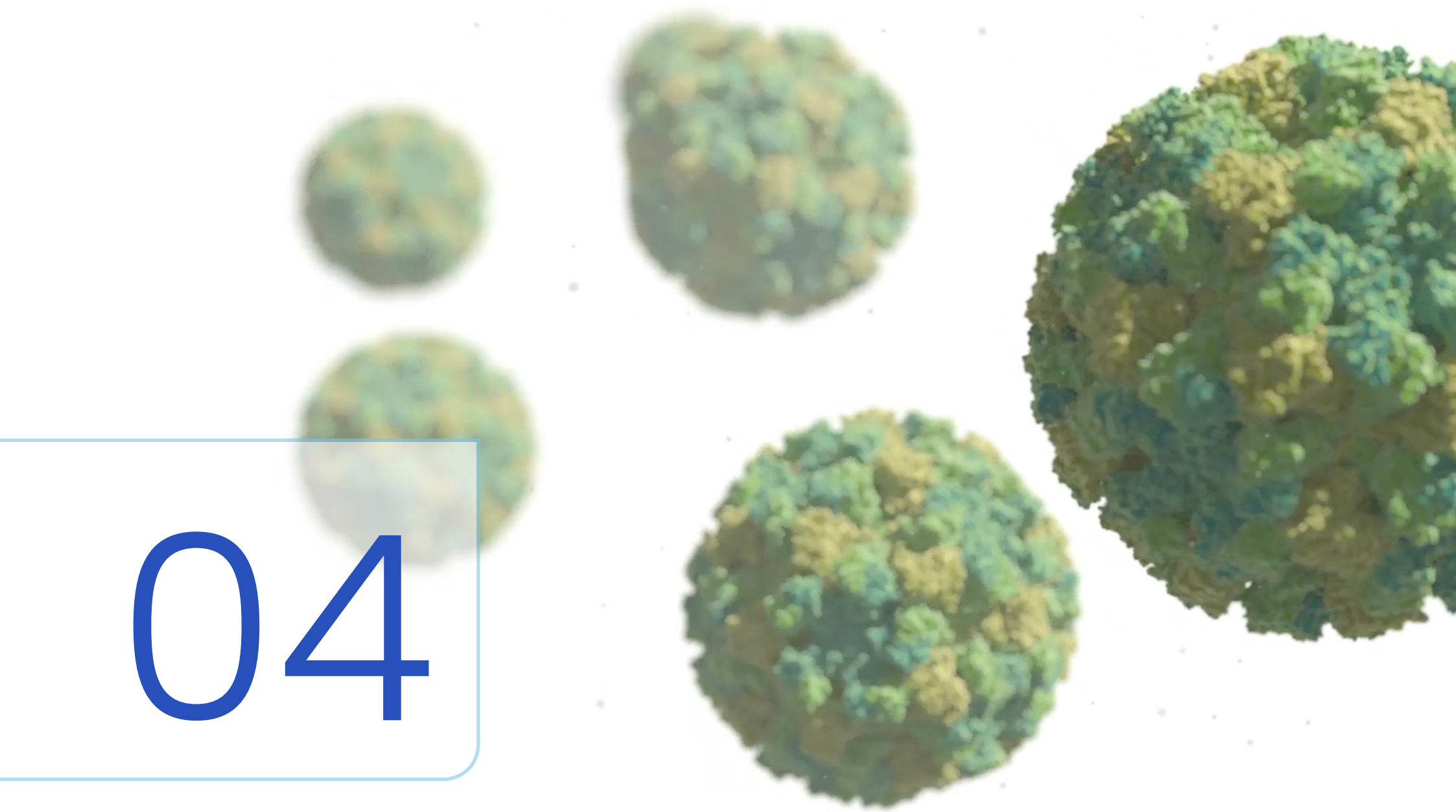
The overall objectives of the Remuneration Policy are to:

- Remuneration shall be market competitive and secure the Company's access to highly qualified staff
- Remuneration shall be motivational and drive value creation for shareholders
- Remuneration of Board of Directors and CEO shall be transparent and acceptable both internally and externally
- Remuneration shall be flexible, allowing adjustments over time

The remuneration arrangements for the SoftOx Executive Management Team comprise the following elements:

- Base salary
- Short-term incentive (bonus)
- Long-term incentive (share options)
- Benefits
- Pension

As a natural step to professionalise the company, SoftOx will adapt to the requirements effective from 1 October 2021 the Company's Remuneration Policy is presented as a separate document presented to the annual general meeting 12 May 2022 for approval.



04

Financial statements

Profit and loss | SoftOx Solutions Group

	Notes	2021	2020
Other Income		7 901 399	9 839 189
Total operating income		**7 901 399**	**9 839 189**
Operating expenses			
Personnel expenses	1, 11	21 113 457	18 869 178
Other operating expenses		69 106 608	39 630 788
Depreciation	13	3 783 605	2 703 051
Total operating expenses		**94 003 670**	**61 203 017**
Operating result		**-86 102 271**	**-51 363 828**
Financial income and financial expenses			
Interest income		32 905	185 986
Other financial income		202 684	1 564 072
Other interest expense		-87 807	1 358
Other financial expenses		-336 856	-101 342
Profit and loss on financial activities		**-189 074**	**1 650 075**
Profit before tax		**-86 291 346**	**-49 713 753**
Taxes	2	20 888 057	12 308 088
Profit on ordinary activities		**-65 403 289**	**-37 405 665**
Extraordinary income and expenses			
Transfers			
Allocated to/- reduction of share premium reserve		-65 403 289	-37 405 665
Total transfers		**-65 403 289**	**-37 405 665**

Balance sheet | SoftOx Solutions Group

	Notes	2021	2020
Assets			
Intangible assets			
Other intangible assets	13	7 370 186	6 142 984
Derferred tax assets	2	51 347 222	30 526 838
Non-tangible assets		**58 717 408**	**36 669 822**
Fixed assets			
Production assets	13	3 493 602	3 908 594
Fixed assets		**3 493 602**	**3 908 594**
Tangible assets		**62 211 010**	**40 578 416**
Total financial fixed assets			
Total Non-Current assets		**62 211 010**	**40 578 416**
Current assets			
Inventory	10	195 794	2 969 867
Sum inventory		**195 794**	**2 969 867**
Receivables			
Other short-term receivables	5	8 674 826	8 961 305
Total receivables		**8 674 826**	**8 961 305**
Deposits, cash, etc.	12	56 983 910	34 801 613
Total current assets		**65 854 530**	**46 732 785**
Total assets		**128 065 542**	**87 311 201**

Balance sheet | SoftOx Solutions Group

Equity and debt	Notes	2021	2020
Paid-up capital			
Share capital	8, 14	206 857	166 598
Share premium reserve	8, 14	109 530 369	76 052 027
Total paid-up capital		**109 737 227**	**76 218 625**
Retained earnings			
Other equity			
Total retained earnings			
Total equity	**14**	**109 737 227**	**76 218 625**
Other long-term debts			
Other long-term debts	6	349 697	
Total long-term debts		**349 697**	
Short-term debt			
Unpaid public duties		37 989	150 690
Short-term debt to owners	5	4 994 826	
Other short-term debt	5	6 916 870	5 144 993
Supplier debt		6 028 934	5 796 892
Total current liabilities		**17 978 619**	**11 092 576**
Total debt		**18 328 315**	**11 092 576**
Total equity and debts		**128 065 542**	**87 311 201**

Profit and loss | SoftOx Solutions AS

	Notes	2021	2020
Other Income		6 019 466	6 149 708
Total operating income		**6 019 466**	**6 149 708**
Operating expenses			
Personnel expenses	1, 11	16 271 341	15 152 445
Other operating expenses		68 732 404	35 237 963
Depreciation	13	75 266	37 389
Total operating expenses		**85 079 011**	**50 427 797**
Operating result		**-79 059 545**	**-44 278 089**
Financial income and financial expenses			
Interest income		32 902	185 985
Other financial income		140 950	1 447 732
Other interest expense			
Other financial expenses		-287 000	-101 342
Profit and loss on financial activities		**-113 148**	**1 532 376**
Profit before tax		**-79 172 693**	**-42 745 712**
Taxes	2	19 365 432	10 773 912
Profit on ordinary activities		**-59 807 261**	**-31 971 800**
Extraordinary income and expenses			
Annual profit/loss		**-59 807 261**	**-31 971 800**
Transfers			
Allocated to/- reduction of share premium reserve		-59 807 261	-31 971 800
Total transfers		**-59 807 261**	**-31 971 800**

Balance sheet | SoftOx Solutions AS

Assets	Notes	2021	2020
Intangible assets			
Other intangible assets	13	14 600	14 600
Derferred tax assets	2	47 312 802	27 947 370
Non-tangible assets		**47 327 402**	**27 961 970**
Fixed assets			
Production assets	13	**640 003**	693 995
Fixed assets		**640 003**	**693 995**
Tangible assets		**47 967 405**	**28 655 965**
Financial fixed assets			
Shares in subsidiaries	3	9 407 048	5 377 048
Loans to subsidiaries	4	20 650 323	24 622 698
Total financial fixed assets		**30 057 371**	**29 999 746**
Total Non-Current assets		**78 024 776**	**58 655 711**
Current assets			
Receivables			
Other short-term receivables	5	7 118 655	8 814 608
Total receivables		**7 118 655**	**8 814 608**
Deposits, cash, etc.	12	56 076 495	28 702 864
Total current assets		**63 195 149**	**37 517 472**
Total assets		**141 219 926**	**96 173 183**

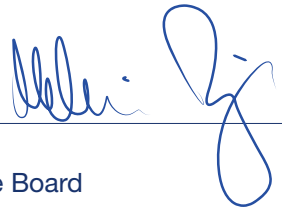
Balance sheet | SoftOx Solutions AS

Equity and debt	Notes	2021	2020
Paid-up capital			
Share capital	8, 14	206 857	166 598
Share premium reserve	8, 14	123 938 979	84 763 134
Total paid-up capital		**124 145 836**	**84 929 732**
Retained earnings			
Other equity			
Total retained earnings			
Total equity	**14**	**124 145 836**	**84 929 732**
Total long term debts			
Short-term debt			
Unpaid public duties		71 471	1 490 222
Short-term debt to owners	5	4 994 826	
Other short-term debt	5	6 365 784	4 559 725
Supplier debt		5 642 009	5 193 504
Total current liabilities		**17 074 090**	**11 243 451**
Total debt		**17 074 090**	**11 243 451**
Total Equity and debts		**141 219 926**	**96 173 183**

Cashflow statement | SoftOx Solutions Group and SoftOx Solutions AS

	SoftOx Solutions Group		SoftOx Solutions AS	
Liquidity added to and spent on business operations	**2021**	**2020**	**2021**	**2020**
Profit before tax	-86 291 346	-49 713 753	-79 172 693	-42 745 712
Paid tax				
Depreciation of fixed assets, & goodwill	3 783 605	2 703 051	75 266	37 389
Changes short-term receivables	286 479	-3 119 755	1 695 953	-3 254 431
Changes inventory	2 774 073	-2 969 867	-	-
Changes short-term debt	6 886 043	-7 289 291	5 830 639	-4 226 880
Net Changes resulting from business operations	-72 561 145	-60 389 616	-71 570 835	-50 189 635
Added liquidity / Spent on investments				
Investments in property, plant and equipment and long-term receivables	-4 595 815	-7 668 347	-78 899	-23 852 547
Net Change resulting from investments	-4 595 815	-7 668 347	-78 899	-23 852 547
LIQUIDS ADDED/SPENT ON FINANCING				
Issues for cash	89 018 192	27 134 920	89 018 192	27 134 920
Other financing activities	10 354 870	-113 683	10 005 174	
Translation differences	-33 804	-157 000		-100 982
Net change resulting from financing	99 339 258	26 864 237	99 023 366	27 033 938
Annual Net Liquidity Change	22 182 298	-41 193 726	27 373 631	-47 008 244
Liquidity reserves as of 1 January	34 801 613	75 995 339	28 702 864	75 711 108
Liquidity reserves as of 31 December	56 983 910	34 801 613	56 076 495	28 702 864

Oslo 4th of May 2022
SoftOx Solutions AS



Melvin Teigen
Chairman of the Board

Olav Jarlsby
Member of the Board

Kari Myren
Member of the Board

Claus Seeberg
Member of the Board

Geir Hermod Almås
Chief Executive Officer

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 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.

Notes to the financial statements for 2021

Note 1

Payroll, holiday pay etc.

	SoftOx Solutions Group	SoftOx Solutions AS	SoftOx Solutions Group	SoftOx Solutions AS
	2021	2021	2020	2020
Payroll, holiday pay etc.	19 167 090	15 187 506	16 886 503	13 776 333
Tax refund	-2 375 000	-2 375 000	-741 980	-741 980
Employer's contribution	2 389 371	2 389 371	1 837 291	1 837 291
Other personnel expenses	1 931 995	1 069 464	887 363	280 801
Total personnel expenses	**21 113 457**	**16 271 341**	**18 869 178**	**15 152 445**
Number of employees 31.12	**21**	**17**	**21**	**19**

The Company's Board of Directors received compensation of NOK 125.000,- per member in 2021.

Chairman received compensation of NOK 250.000,-. The CEO received NOK 1.079.533,- in salary in 2021. The CEO has also received SEK 914.500,- as consultant fee from WIAB Water Innovation AB.

Total expenses for auditing and other assistance were NOK 195.300,-, of with NOK 100.000,- relates to ordinary auditing.

The CEO and the members of the Board do not possess any privilege over the rest, should termination of employment occur.

Note 2

Taxes

	SoftOx Solutions Group		SoftOx Solutions AS	
Tax	**2021**	**2020**	**2021**	**2020**
Income tax on ordinary profit:				
Tax payable				
Change deferred tax assets	-20 888 057	-12 308 088	-19 365 546	-10 773 912
Tax ordinary profit	**-20 888 057**	**-12 308 088**	**-19 365 546**	**-10 773 912**
Taxable income:				
Ordinary profit before tax	-86 291 346	-49 713 753	-79 172 693	-42 745 712
Permanent differences	-8 851 999	-6 226 097	-8 851 999	-6 226 097
Change temporary differences	-223 683	-664 444	-85 173	-182 026
Taxable income	**-95 367 028**	**-56 604 294**	**-88 109 866**	**-49 153 835**
Tax payable in the balance sheet:				
Payable tax on profit for the year	0	0	0	0
Total tax payable on the balance sheet	**0**	**0**	**0**	**0**

The tax effect of temporary differences and loss carried forward have contributed to increased deferred tax assets, specified below.

SoftOx Solutions AS	**2021**	**2020**	**Changes**
Fixed assets	266 733	182 026	-84 707
Inventories	0	-466	-466
Sum	**266 733**	**181 560**	**-85 173**
Accumulated loss carry-forward	-215 324 925	-127 215 059	88 109 866
Basis for calculation of deferred tax	**-215 058 192**	**-127 033 499**	**88 024 693**
Deferred tax asset (22%)	-47 312 916	-27 947 370	19 365 546

The Swedish subsidiary WIAB Water Innovation AB has carried forward a loss of SEK 4.792 781,- per 31.12.2021.

Note 3

Shares in other companies and intra-group transactions

In 2013, the company purchased all 1,500 shares with a nominal value of SEK 100,- in WIAB Water innovation AB, with an office address in Malmö, Sweden.

The shares are valued at the lower of acquisition cost and fair value. SoftOx Solutions Denmark AS was established in 2018. The Company was founded with DKK 500.000,- in share capital.

In 2018, SoftOx Solutions AS established the subsidiary SoftOx Disinfection AS with originally 300 shares. In 2021, the company's share capital has been increased to 400 shares. In 2021, SoftOx Solutions established the subsidiary SoftOx Defense Solutions AS with 30 shares.

Note 4

Financial Claims and Debt/Accounts receivable on subsidiaries

In 2013, SoftOx Solutions AS purchased claims on the subsidiary WIAB Water Innovation AB from shareholders and settled the purchase by issuing in the parent company. The receivable balance was valued at an acquisition cost translated from Swedish kroner to Norwegian kroner at the time of the acquisitions. The claim has since increased to NOK 7.316.917,-, and is not expected to be repaid within 12 months. Interest on the claim has not been calculated.

SoftOx Solutions AS has a claim on SoftOx Disinfection AS equal to NOK 14.447.555,-, and a claim on Softox Defense Solutions AS equal to NOK 142.427,-.

As of 31 December 2021, Softox Solutions AS has a debt to SoftOx Denmark AS which amounts to NOK 1.256.577,-.

Note 5

Short-term debt

As of December 31, 2021, SoftOx Solutions AS has an interest-free debt to main shareholder Almhaug Bolig AS. The debt amounts to NOK 4.994.826,29,-.

SoftOx Solutions Group has per. 31.12.2021 incurred costs to suppliers of 6.916.870,- that will be paid by the first half of the year 2022.

Note 6

Long-term debt

As of December 31, 2021, SoftOx Solutions Group has a long-term debt of 349.697 NOK. The debt applies to holiday pay credit for employees in Denmark, which has arisen due to the changes in holiday pay system in 2019/2020.

Note 7

Other claims/Accounts receivable

As of December 31, 2021, SoftOx Solutions AS has receivables NOK 7.118.655,- including tax foundations grants (Skattefunn) earned in 2021 in the amount of NOK 4.750.000,-, BIA grants from the Research Council of Norway equal to NOK 1.153.581,-, and grants from MTEC of
NOK 316.471 ,-.

Note 8

Share Capital

The Company has per. 31.12.2021 registered 10.342.871 shares with a nominal value of NOK 0,02 per share. The largest shareholders registered in the Securities Register as of 31.12.2021:

#	Share %	Name
1	11,1 %	Dinge Invest AS
2	9,1 %	Nordnet Livsforsikring AS
3	7,3 %	Hermod Farms AS
4	3,4 %	Pro AS
5	3,1 %	Gh Holding AS
6	3,1 %	Kristian Almås
7	2,0 %	Danske Bank A/S
8	1,9 %	Cs-Holding AS
9	1,6 %	Gemallo AS
10	1,5 %	Almhaug Bolig AS
11	1,4 %	Loyd AS
12	1,1 %	WI-01 Holding AS
13	1,1 %	Holta & Co. AS
14	1,1 %	Aubert Invest AS
15	1,1 %	Jan Helge Johnsen
16	1,0 %	Rocha Invest AS
17	1,0 %	Falck Frås AS
18	0,9 %	Nordnet Bank AB
19	0,9 %	Sonja Og Emil Auberts Legat
20	0,9 %	Nordiske Renholdsprodukter AS

Note 9

Options and incentive program

In total, the Company has issued 763 000 options, with a weighted strike price of NOK 72, of which 218 500 have a strike price below the share price as of December 30, 2021.

Name	Role	Subscription rights	No. Shares
Geir Hermod Almås	CEO	177 500	862 002
Melvin Teigen	Chairman	25 000	16 000
Others		560 500	
Total		763 000	

763 000 options include the proposed 152,000 allocations of bonus options to employees for the year 2021 with a redemption price of NOK 70/share (corresponding to the share price at the end of the year + 25%) with a 5-year term, 50 000 of which were given to CEO, Geir Hermod Almås, (25 000 at a strike price of NOK 100/share and 25 000 at strike price of NOK 70/share). In 2021, co-inventors Klaus Kirketerp Møller and Thomas Bjarnholt had a lapse of 40 000 options with a weighted strike price of NOK 48/share, which were replaced with options equal to the bonus options to employees for the year 2021. The Company's shares are listed on Euronext Growth, Oslo Stock Exchange, with the ticker SOFTX.

Note 10

Inventory

As of 31 December 2021, the inventory has a value of NOK 195.794,-. Raw and packaging materials are valued at cost, taking obsolete goods into account.

Note 11

Occupational pension

The company has taken out occupational pension in Gjensidige Insurance Company. The pension scheme is a defined contribution plan.

Note 12

Tied -up liabilities

SoftOx Solutions AS has its own account for tax deductions. The balance on this account as of December 31, 2021 was NOK 1.065.151,-.

As of December 31, 2021, the SoftOx Group has NOK 568.450,- in a deposit account.

Note 13

Fixed assets

SoftOx Solutions Group	Production assets		Other Intangible assets		Goodwill	
Tax	2021	2020	2021	2020	2021	2020
Acquisition cost 1.1	5 306 326	1 378 028	12 065 973	8 371 715	617 673	617 673
Access		3 928 298	4 746 886	3 767 523		
Exchange rate adjustments			-94 351	-73 265		
Total acquisition cost	5 306 326	5 306 326	16 718 509	12 065 973	617 673	617 673
Accumulated depreciation 1.1	-1 397 732	-1 136 303	-5 922 988	-3 444 126	617 673	617 673
Yearly depreciation	-400 523	-273 033	-3 383 082	-2 430 018		
Exchange rate adjustments	-14 469	11 604	-42 252	-48 844		
Accumulated depreciation 31.12.	-1 812 724	-1 397 732	-9 348 323	-5 922 988	-617 673	-617 673
Book value 31.12	**3 493 602**	**3 908 594**	**7 370 186**	**6 142 985**	**-**	**-**

SoftOx Solutions AS	Production assets		Other Intangible assets		Goodwill	
Tax	2021	2020	2021	2020	2021	2020
Acquisition cost 1.1	731 384		14 600	14 600		
Access	21 274	731 384				
Total acquisition cost	752 658	731 384	14 600	14 600		
Accumulated depreciation 1.1	-37 389					
Yearly depreciation	-75 266	-37 389				
Accumulated depreciation 31.12.	-112 655	-37 389				
Book value 31.12	**640 004**	**693 995**	**14 600**	**14 600**		

Note 14

Changes in owners capital

SoftOx Solutions Group	Share capital	Share premium reserve	Other owners capital	Total owners capital
Per 01.01.2020	**155 020**	**89 748 615**	**-3 434 659**	**86 468 976**
Registered capital increase				
Capital increase	11 578	27 123 342		27 134 920
Translation differences		-136 000	156 394	20 394
Annual result		-37 405 665		-37 405 665
Per 31.12.2020	**166 598**	**79 330 292**	**-3 278 265**	**76 218 625**
Registered capital increase				
Capital increase	40 259	98 983 106		99 023 365
Translation differences		-101 475		-101 475
Annual result		-65 403 289		-65 403 289
Per 31.12.2021	**206 857**	**112 808 634**	**-3 278 265**	**109 737 227**

SoftOx Solutions AS	Share capital	Share premium reserve	Other owners capital	Total owners capital
Per 01.01.2020	**155 020**	**89 712 572**		**89 867 592**
Registered capital increase	11 578	27 123 342		27 134 920
Capital increase		-100 980		-100 980
Year end result		-31 971 800		-31 971 800
Per 31.12.2020	**166 598**	**84 763 134**		**84 929 732**
Capital increase	40 259	98 983 106		99 023 365
Correction previous year		-		
Year end result		-59 807 261		-59 807 261
Per 31.12.2021	**206 858**	**123 938 979**		**124 145 836**

Each share has a nominal value of NOK 0,02.

Note 15

Governmental and Public Funding

SoftOx is developing products to prevent and treat infections. In 2021, the Company had directly NOK 44.3 million in research and development costs. Public funding for R&D was NOK 3.2 million from the Norwegian Research Council and NOK 2.9 million from MTEC. In addition, NOK 4.7 million has been accepted in the Governmental Tax refund program (Skattefunn). Tax findings are entered as a cost reduction in the income statement. The present value of expected earnings from ongoing research and development exceeds the investment cost.

Independent Auditors report

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To the Shareholders' Meeting of Softox Solutions AS

Independent auditor`s report

Opinion
We have audited the financial statements of Softox Solutions AS (the Company), which comprise:

- The financial statements of the company, which comprise the balance sheet as at 31 December 2021, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2021, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements comply with applicable statutory requirements,
- The financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- The financial statements give a true and fair view of the financial position of the group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. Our opinion on the financial statements does not cover the information in the Board of Directors' report or the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is materially inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements

Our opinion on the Board of Director's report applies correspondingly for statements on Corporate Social Responsibility.

Responsibilities of the management for the Financial Statements
The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Groups' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

Oslo, 04.05.2022
berge & lundal revisjonsselskap as

Eivind Lundal
State Authorised Public Accountant
(This document is signed electronically)

Glossary

AMR	Antimicrobial resistance
B2B	Business-to-business
BIA	User-driven Research-based Innovation programme
BPR	Biocidal Products Regulation
CMC	Chemistry, Manufacturing and Controls
CRO	Clinical Research Organisation
CSR	Corporate Social Responsibility
CTA	Clinical Trial Application
DKMA	Danish Medicines Agency
DoD	U.S. Department of Defense
EEA	European Economic Area
EU	European Union
EWMA	European Wound Management Association
FDA	U.S. Food and Drug Administration
FFI	Norwegian Defence Research Establishment (Forsvarets Forskningsinstitutt)
GCLP	Good Clinical Laboratory Practices
GCP	Good Clinical Practice
GDPR	General Data Protection Regulation
GLP	Good Laboratory Practice
GMP	Good Manufacturing Practice
GVP	Good Pharmacovigilance Practice
HINAS	Hospital tender for the infection disease control category
HOCl	Hypochlorous acid
IP	Intellectual property
KemI	Swedish Chemicals Agency
KOL	Key Opinion Leader
MAD	Multiple-ascending dose
MTEC	Medical Technology Enterprise Consortium
NS	Normal saline
QMS	Quality Management System
PoC	Proof of Concept
POPS	Private Organizations for Patient Safety
R&D	Research and Development
SAD	Single-ascending dose
SBE	SoftOx Biofilm Eradicator
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
WHO	World Health Organization

Contact us

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