Q2 and half year report

H1 2022

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

SOFT·OX

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

Highlights for the first half of 2022 and subsequent events

(Figures in brackets are comparable figures for corresponding periods in 2021)

- Through its subsidiary SoftOx Defense Solutions (SDS), SoftOx was granted approx. NOK 97 million from the European Defence Fund to develop an inhalation solution for the armed forces within the EU and its allies. SDS is a part of a pan-European consortium of 20 international R&D and industry partners from 10 nations, which will develop military medical countermeasures (MCMs) against chemical, biological, radiological and nuclear threats.
- In May, SoftOx announced that the Phase 1 study, SIS-01, which evaluated the safety and tolerability of the SoftOx Inhalation Solution, had met its primary objective in healthy subjects *(NCT05188638)*.
- The positive results of the SWIS-02 study demonstrating improvement in wound healing and reduction in bacterial burden compared to Normal Saline was published in the peer-reviewed journal *Acta Dermato-Venereologica* (DOI: 10.2340/actadv.v102.1624).
- The Norwegian Defence Research Establishment (FFI)'s field experiment in Hemsedal evaluating non-alcohol disinfectants, including SafeDes+, SoftOx's alcohol-free hand disinfectant, showed that alcohol-free disinfectants reduced the level of volatile organic compounds (VOCs) in the air when compared with alcohol disinfectants.
- In May, SoftOx presented the results of the SWIS-02 study and hosted a symposium entitled "Future practical solutions for fighting antimicrobial resistance in wound care" at the European Wound Management Association conference in Paris.
- SoftOx submitted a Premarket Notification (a 510(k) application) to obtain clearance by the US Food and Drug Administration (FDA) for the SoftOx Wound Irrigation Solution (SWIS) to be used as a Class II medical device in the US.
- For the second quarter, pre-tax results amounted to a loss of NOK 20.6 million (loss of 22.2 million). The financial results are characterised by high levels of research and development activity in the period.
- SoftOx entered into a loan agreement of NOK 15 million with Almhaug Bolig AS, where the main shareholder is one of the shareholders in SoftOx.

Key figures for the SoftOx Solutions Group (SoftOx)

Key figures (NOK 1,000)	Second quarter		First half year		Year
	2022	2021	2022	2021	2021
SoftOx Solutions Group					
Total operating revenue	1 350	2 599	2 399	4 081	7 901
Total operating expenses	21 520	23 804	46 759	47 928	94 004
Operating result	**-20 171**	**-21 205**	**-44 361**	**-43 847**	**-86 102**
Profit before tax	**-20 566**	**-21 273**	**-44 843**	**-43 774**	**-86 291**
Net proceeds from equity issues	0	0	0	41 309	27 135
Net change in cash and cash equivalents	-26 770	-23 866	-49 569	-3 672	-41 194
Cash and cash equivalents at end of period	**7 414**	**31 131**	**7 414**	**31 131**	**34 802**
Outstanding shares, beginning of the period	10 342 871	8 329 900	10 342 871	8 329 900	8 329 900
Outstanding shares, end of the period	10 342 871	9 168 468	10 342 871	9 168 468	10 342 871
Employees, end of the period	23	21	23	21	21

CEO statement

During our Capital Markets Day in November last year, we delivered some bold and ambitious statements on what the company is aiming to achieve in the coming years. Over halfway into 2022, I am proud to report on the significant progress made in our clinical and commercial development to achieve these goals, such as demonstrating proof of concept and identifying the best partners to advance our pipeline. In the past six months, the SoftOx team and technology platform have proven their uniqueness.

In a period characterised by increased clinical trial and regulatory activities, we completed the SIS-01 study, which reached its primary objective of safety and tolerability in healthy subjects. We also completed the single-ascending dose phase of the SBE-01 study, which is nearing completion of the final half of the study.

In May, the European Wound Management Association (EWMA) conference in Paris provided an international platform and audience for the SoftOx team to present our technology and exchange ideas with global wound care experts. As part of the conference, we hosted a symposium entitled "Future Practical Solutions for Fighting Antimicrobial Resistance in Wound Care", which breaks down the significant potential of our technology in the fight against antimicrobial resistance.

Our presence at the EWMA conference has brought attention to our technology from several prominent market players and sparked exciting discussions amongst peers. As for the wound segment, SWIS and SBE, we are discussing potential partnerships and have signed non-disclosure agreements with several large international players.

The SBE product targets the unmet need to remove infections in venous leg ulcers, a problem estimated by EXCITE International and MedValue to cost the healthcare system in the United States USD 1.5 billion per year, which is an amount assumed to be in the same range in Europe. As a result of the interest from international players, the commercialisation process for SBE was initiated ahead of schedule. Though these processes tend to be time-consuming, especially in the early stages, the interest shown from relevant potential parties is intriguing and worthwhile for allocating internal resources to pursue.

Following this eventful second quarter and half year, we were delighted to announce in July the positive feedback on our European Defence Fund (EDF) application and the award of approximately NOK 97 million to develop a military inhalation solution for the European Union and its allies. The Norwegian Ministry of Defence (FD) and SoftOx will jointly cover approximately 10 percent of the awarded funding, and the FD has guaranteed to co-finance an additional 40 percent of the Norwegian contribution. The project is in the grant agreement negotiation phase, and the final grant agreement is expected to be signed by the end of the year.

The EU Commission stated the following in the publication of the grant decision:

"*The project "European agile network for medical COUNTER measures Against CBRN Threats" (COUNTERACT) aims to establish a robust and agile network within the EU to be capable to develop and deploy medical countermeasures (MCMs) against major Chemical-Biological-Radiological and Nuclear (CBRN) threats such as terror plots, nuclear accidents, weapon developments and epidemics caused by emerging or re-emerging high-consequence pathogens. COUNTERACT will increase EU preparedness for immediate response to such threats.*"[1]

[1] European Union (2022). *COUNTERACT.* https://defence-industry-space.ec.europa.eu/system/files/2022-07/Factsheet_EDF21_COUNTERACT.pdf

Knowing that our SoftOx technology and team have been carefully selected by the EU commission to develop medical countermeasures to CBRN threats is a testament to our cutting-edge expertise. It confirms the innovativeness and robustness of our platform technology and, importantly, provides a significant partner to further the development of SoftOx's inhalation solution.

By participating in an international consortium of 20 R&D and industry partners, we are part of a network and scientific partnership that can help advance our clinical trial efforts.

Moving forward, we will work hard to achieve future EU grants for later stages of our product development to elevate the subsequent phases to commercialisation. These efforts are pursued with the clear goal of being the solution the EU and its military partners need to ensure readiness for future pandemics and CBRN threats.

Based on this achievement, the company is looking into aligning the civil development of its Inhalation Solution with the military development to maximize the synergies between the two projects. Through this strategic change, SoftOx estimates that this development cooperation can double the potential sale of SoftOx inhalation solution, together with establishing a centralised distribution model for the military solution.

Moving into the second half of 2022, our priority remains focused on delivering on our ambitious goals, advancing the clinical development and finding the right partners for our projects."

Geir Hermod Almås, Chief Executive Officer

Product development methodology

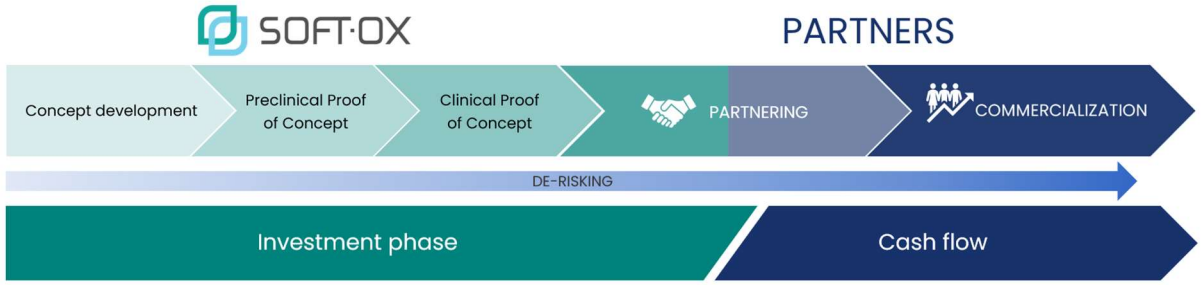

Figure 1. SoftOx product pipeline

Platform technology

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

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

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

Business development

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

Operational update for the first half year of 2022

Wound care

RESEARCH AND PRODUCT DEVELOPMENT

SoftOx Wound Irrigation Solution (SWIS):

SWIS is a wound rinse for acute wounds. The current recommended treatment for acute wounds is saline, which holds 80 percent market share worldwide. Based on clinical evidence of safety and efficacy compared to saline, the goal of the company is to replace today's wound rinsing products with SWIS as the preferred wound cleansing product.

The final confirmatory clinical investigation (SWIS-02) trial has been completed. The SWIS-02 trial showed both significant improvement in wound healing and a reduction in bacterial bioburden compared to saline, positioning the product as superior towards today's market leaders. The results of SWIS-02 have been summarised into a manuscript which recently was published in the international medical journal, *Acta Dermato-Venereologica.*[2] The study was also recently presented at the European Wound Management Association (EWMA) Conference in Paris, which took place on 23-25 May 2022. At the same congress, SoftOx sponsored a successful one-hour symposium on "Future practical solutions for fighting antimicrobial resistance in wound care".

The company is working on establishing a Good Manufacturing Practice (GMP) pilot production facility for SWIS at Fornebu, Norway.

SoftOx Biofilm Eradicator (SBE):

SBE functions as an anti-infective treatment in chronic wounds and is formulated to penetrate and kill microbes within biofilms. Studies have shown that antimicrobial resistant bacteria are present in more than 50% of chronic wounds. Due to broad spectrum and multi-targeted antimicrobial effects, SBE has been shown to kill antibiotic resistant bacteria (such as Methicillin Resistant Staphylococcus Aureus (MRSA)) and is unlikely to induce new antimicrobial resistance. Pre-clinical studies demonstrate the SBE formulations as non-toxic, and the first-in-human, Phase 1 clinical study (SBE-01) is ongoing.

The rate of patient recruitment in the first-in-human, Phase 1 clinical study (SBE-01) in the first half of 2022 is proceeding as expected. The first part of the study (termed SAD, i.e., single ascending dose) has been completed, and the study has entered the multiple ascending dose (MAD) Phase.

The results of the SBE-01 study will inform the selection of formulation and dosing schedule in the planned Phase 2 study. This early clinical development (Phase 1 and 2) of SBE is co-funded by the Naval Medical Research Center (NMRC) under the Medical Technology Enterprise Consortium (MTEC), a biomedical technology consortium that collaborates under a transaction agreement (OTA) with the US Army Medical Research and Development Command.

REGULATORY & COMMERCIAL

As reported in the first quarter of 2022, the company has submitted the Premarket Notification (510(k)) application to the US FDA to obtain clearance for SWIS as a medical device class II in the US market.

[2] Burian, E. A., Sabah, L., Kirketerp-Møller, K., Gundersen, G., & Ågren, M. S. (2022). Effect of Stabilized Hypochlorous Acid on Re-epithelialization and Bacterial Bioburden in Acute Wounds: A Randomized Controlled Trial in Healthy Volunteers. *Acta Dermato-Venereologica*, 102, adv00727. https://doi.org/10.2340/actadv.v102.1624

Following the positive reception of the SoftOx technology at the EWMA conference, the company is in early discussions with several potential partners, both distributors and industry, in the wound care sector.

Respiratory tract

RESEARCH AND PRODUCT DEVELOPMENT

SoftOx Inhalation Solution (SIS):

SIS is undergoing development for the treatment of respiratory tract infections caused by viruses and bacteria. SIS is an aerosolized form of the SoftOx technology, designed to be safe and effective in the treatment of respiratory tract infections. SoftOx hypothesizes that SIS inactivates and kills intracellular and extracellular virus in the upper and lower respiratory tract, resulting in a reduction in symptoms, shortened disease duration and reduction in disease transmission.

The safety of single and multiple ascending doses of SIS in healthy volunteers (Safety of Ascending Single and Multiple Doses of Nebulized SoftOx Inhalation Solution in Healthy Subjects, NCT05188638) was completed on 13 April 2022. The study met the primary objective of demonstrating safety and tolerability in healthy subjects over a range of potentially therapeutic formulations and dosing regimens.

Preparations for a Phase 2 Clinical Trial Application (CTA), including additional non-clinical toxicology studies, contracting with a contract manufacturing organization for Phase 2 production, and scientific interactions with the European Medical Association on Phase 2 study design, are ongoing. Due to the EDF grant, the organization will look into how to make synergies between this project and the military inhalation solution project development.

Disinfection

REGULATORY & COMMERCIAL

Hand and surface disinfectant

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

SoftOx won a Norwegian hospital purchasing tender (HINAS) for alcohol-free hand disinfectant and a Swedish purchasing tender (Varuförsörjningen) for sporicidal surface disinfectant. With the demonstrated proof of sales, the next stage is to find the right strategic partners to bring SoftOx products to market worldwide. The interest from potential international partners in disinfection and wound products has been positive but lagging due to awaiting regulatory approval from the Swedish Chemicals Agency (Kemi).

Defence

RESEARCH AND PRODUCT DEVELOPMENT

In July, SoftOx, represented by SoftOx Defense Solutions (SDS), as part of an international consortium, was funding from the European Defence Fund to develop a military inhalation solution for the EU and its allies.[3]

The company announced on 12 December, 2021, the submission of the EDF application with a pan-European consortium consisting of 20 international research and development (R&D) and industry partners from 10 nations where the SoftOx technology is one of three main technologies that form the basis for the grant. SDS's main partners in the consortium are five internationally recognised research institutions from France, Poland, Denmark, Ireland and Sweden in addition to FFI, which will be working on the SoftOx technology. The consortium is developing military medical countermeasures (MCMs) against chemical substances, biological agents, radioactive and nuclear substances, so-called CBRN substances, to be used in the Norwegian Armed Forces and the EU's military forces.

The consortium is led by the Commissariat a l'Energie Atomique et aux Energies Alternatives in France and will receive approx. NOK 500 million whereby SoftOx will be assigned approximately NOK 97 million, which will be allocated at the end of 2022 for three years onwards. The Norwegian Ministry of Defence (FD) and SoftOx will jointly cover approximately 10 percent of the awarded funding, and the FD has guaranteed to additionally co-finance 40 percent of the Norwegian contribution up to NOK 9.6 million through co-financing.

This grant recognises SoftOx as an integral international player in the pan-European consortium and is unique in a Norwegian industry context. With the grant, the company will proceed into a grant agreement negotiation phase this autumn to prepare for pan-European research activity with its partners.

In addition, the Norwegian Defence Research Establishment (Forsvarets forskningsinstitutt (FFI)) published the findings from their field experiment evaluating non-alcohol disinfectants, including SafeDes+, SoftOx's alcohol-free hand disinfectant, in comparison with alcohol-based disinfectants[4]. According to the report, alcohol-free disinfectants reduced the level of volatile organic compounds (VOCs) in the air during the intervention period by 30-60 percent compared to alcohol disinfectants. The data represent a statistically significant association between reported long-term sick leave, VOC and temperature. These findings are relevant to employee performance, well-being, the environment and sick leave in any organization.

COMMERCIAL

The COUNTERACT consortium aims to reinforce a European sovereignty strategy against a substantial biothreat by securing its supply chain in Europe. The project aims to establish the standard of care for poisoning in both post-exposure prophylaxis and emergency treatment for biological and chemical threats for which there are no current treatments available. The SoftOx inhalation solutions against chemical or microbiological threats will consist of an easy-to-use nebulizer. The nebulizer is to be used by the individual soldier or front-line medical staff to treat military personnel and civilians who are exposed to chemical or biological warfare or acts of terrorism.

[3] European Union (2022). *The European Defence Fund (EDF).* https://defence-industry-space.ec.europa.eu/eu-defence-industry/european-defence-fund-edf_en

[4] Forsvarets forskningsinstitutt (2022, June 8). *Tester ut alkoholfri desinfisering for Forsvaret.* https://www.ffi.no/aktuelt/nyheter/tester-ut-alkoholfri-desinfisering-for-forsvaret

The estimated economic potential for the SoftOx military inhalation solution will be the value of the EU military and civilian stockpiling as a preventative preparedness tool to protect soldiers and the civilian population within EU, NATO and partner countries. With an expected product shelf life of more than three years, it will aid in the convenience of long-term preparedness and storage. The company estimate that the unmet need is approx. at 10-20 pcs for each of the 3.5 million soldiers (NATO forces including EU) and 2 million soldiers in partnering countries. In addition, for the protection of the civil population, there is an estimated need for conservative stock piling covering 15-20 percent of the population. The civilian potential for the device will be beyond the intended CBRN threats of chemical and biological warfare and terrorism, by offering a potential first-line treatment of human respiratory infections treated by inhaled pharmaceuticals.

ORGANISATION

For SoftOx Solutions AS, Thomas Bjarnsholt has been appointed as the Chief Scientific Officer and Christopher Burton has been appointed as Chief Medical Officer. This change marks a transition from Bjarnsholt and Burton as leaders for only the SIS project to leadership for SoftOx Solutions and all R&D projects. Dr Thomas Bjarnsholt, DMSc, PhD, is a professor of bacteriology and specialist in infection medicine with more than 220 peer-reviewed publications and a co-inventor of the SoftOx technology. Dr Christopher Burton, MD, PhD, is a qualified medical doctor and researcher with more than 15 years' experience in the life science industry, mostly within the respiratory, inflammatory and immunology therapy areas.

Financial review

Financial figures for the SoftOx Solutions Group are not audited, except year-end figures (figures in brackets are comparable figures for corresponding periods in 2021).

Profit and loss statement

First half-year 2022, the company's revenue for disinfectants reached approx. NOK 0.1 million (NOK 1.2 million). In addition, NOK 2.3 million (NOK 2.8 million) has been recognised as income in connection with funding from The Research Council of Norway and the U.S. Department of Defense.

For the first half year of 2022, salary costs were NOK 11.9 million (NOK 9.4 million), an increase of 27 percent compared to the same period in 2021. Other operating costs are NOK 32.9 million (NOK 37 million). Total operating expenses for Q2 decreased to NOK 21.5 million (NOK 23.8 million). Research and development expenses accounted for approximately 60 percent of operating expenses first half-year 2022. The main contributor to the R&D costs is the drug development of the SIS project, which constitutes approximately 51 percent of the R&D costs.

SoftOx continues to build up its organization for future growth and development, and pre-tax results ended with a loss of 20.6 NOK million (loss of NOK 22.2 million) for Q2, and loss of NOK 44.8 million (NOK 43.8 million) for the first half-year.

Cash flow and consolidated balance sheet

Of the capitalized assets, the company has activated its IP and patent cost worth NOK 7.8 million (NOK 6.2 million). These are capitalized patent costs in the Swedish subsidiary, which are depreciated over 5 years. Deferred tax assets stand at NOK 51.9 million (NOK 30.8 million), adjusted for tax in Sweden. Tax calculations will be performed at the end of the year on revised figures.

In June, the company entered into a loan agreement with Almhaug Bolig AS for a short-term loan of NOK 15 million. NOK 5 million will be in the form of refinancing of the convertible loan raised in October 2021 and the remaining NOK 10 million will be in working capital. The loan does not accrue

any interests and falls due January 15, 2024. The individual lender may convert the outstanding amount of the loan into shares. The loan is registered as a receivable in the balance accounts.

Outlook

- Advancing and developing each pipeline project:
  - **SoftOx Inhalation Solution (SIS)** – Preparations are underway for Phase 2.
  - **SoftOx Biofilm Eradicator (SBE)** – Complete Phase 1b (MAD Phase) and prepare for Phase 2.
  - **SoftOx Wound Irrigation Solution (SWIS)** – Establish a QMS for medical devices and GMP production, apply to the Notified Body for regulatory approval in Europe and finalize the final pre-clinical study to achieve a 510(k) clearance for the US market.
  - **SoftOx Defence Solutions (SDS)** – Enter into a contractual phase to prepare for pan-European research activity.
- Continue the company's work to establish proof of sales in Norway and Sweden
- Deliver additional analysis to the Swedish Chemicals Agency and receive final confirmation regarding the approval of SoftOx disinfectants.
- Receive disinfectants and wound care approval to launch the products in selected markets
- Establish a network of partners and distributors for both wound care and disinfectants

Significant risk factors for the company

- Research studies always involve an inherent risk of being delayed and not delivering results as expected.
- Lack of approval and delays of applications for conducting clinical studies and products.
- Further delays due to the European BPR process.
- Lack of approval and further delays in the regulatory process.
- Financial risk mainly consists of currency, credit, and liquidity risk. SoftOx continuously monitors these factors.
- Intellectual property risks. SoftOx works closely with external patent counsels to minimize the risk of patent infringement claims and prepare any patent defence if necessary.

Declaration by the Board

We confirm, to the best of our knowledge, that the unaudited, summarised half year accounts for the period 1 January to 30 June 2022 have been prepared in accordance with accounting standards for the group and that the information contained in these accounts gives a true and fair view of the group's assets, liabilities, financial position and profits as a whole, and that the half year report provides a true and fair view of the information specified in Section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Oslo, August 14th 2022

SIGNED
Melvin Teigen, Chairman of the Board

SIGNED
Kari Myren, Board Member

SIGNED
Claus Seeberg, Board Member

SIGNED
Olav Jarlsby, Board Member

SIGNED
Geir Hermod Almås, CEO

Profit and loss statement
Accounts for second quarter and half year

SoftOx Solutions Group	Second quarter		First half year		Year
NOK 1,000	2022	2021	2022	2021	2021
Other operating revenues	1 350	2 599	2 399	4 081	7 901
Total operating revenues	**1 350**	**2 599**	**2 399**	**4 081**	**7 901**
Personnel expenses	5 448	3 615	11 986	9 463	21 113
Other operating expenses	15 154	19 479	32 949	37 033	69 107
Depreciation	918	710	1 824	1 433	3 784
Depreciation, goodwill	0	0	0	0	0
Total operating expenses	**21 520**	**23 805**	**46 759**	**47 928**	**94 004**
Operating result	**-20 171**	**-21 205**	**-44 361**	**-43 846**	**-86 102**
Net financial items	**-396**	**-68**	**-483**	**73**	**-189**
Profit before tax	**-20 566**	**-21 273**	**-44 843**	**-43 774**	**-86 291**
Tax					20 888
Annual profit/loss					**-65 403**

Statement of financial position	30.06.2022	30.06.2021	31.12.2021
SoftOx Solutions Group			
NOK 1,000			
Other intangible assets	7 832	6 236	7 370
Deferred tax asset	51 852	30 862	51 347
Goodwill from acquisition of subsidiary	0	0	0
Total intangible assets	**59 684**	**37 098**	**58 717**
Production equipment	3 368	3 779	3 494
Total fixed assets	**3 368**	**3 779**	**3 494**
Non-current assets	**63 052**	**40 877**	**62 211**
Inventory	141	556	196
Total inventory	**141**	**556**	**196**
Other receivables	17 932	8 891	8 675
Total receivables	**17 932**	**8 891**	**8 675**
Cash and cash equivalents	7 414	31 131	56 984
Current assets	**25 487**	**40 579**	**65 855**
Total assets	**88 539**	**81 455**	**128 066**

Share capital	207	183	207
Share premium reserve	109 530	117 244	175 034
Total paid up capital	**109 737**	**117 427**	**175 241**
Other equity	-44 653	-43 692	-65 504
Total equity	**65 084**	**73 735**	**109 737**
Other long term debts	0	0	350
Other non-current liabilities	**0**	**0**	**350**
Public duties payable	-24	6	38
Shareholder loans	14 995	0	4 995
Other current liabilities	3 363	3 188	6 917
Accounts payable	5 120	4 526	6 029
Total current liabilities	**23 455**	**7 720**	**17 979**
Total liabiities	**23 455**	**7 720**	**18 328**
Total equity and liabilities	**88 539**	**81 455**	**128 066**

Cash flow statement	Second quarter		First half year		Year
	2022	2021	2022	2021	2021
SoftOx Solutions Group					
NOK 1,000					
Cash flow from operating activities					
Net result before taxes	-20 566	-21 273	-44 843	-43 775	-86 291
Tax paid	0	0	0	0	0
Depreciation	918	710	1 824	1 433	3 784
Change in current assets	-10 067	-802	-9 202	2 483	3 061
Change in current liabilities	4 112	-1 456	5 476	-3 372	6 886
Net cash flow from operating activities	**-25 603**	**-22 820**	**-46 745**	**-43 231**	**-72 561**
Cash flow from investment activities					
Investments in non-current assets	-1 314	-1 038	-2 161	-1 395	-4 596
Net cash flow from investment activities	**-1 314**	**-1 038**	**-2 161**	**-1 395**	**-4 596**
Cash flow from financing activities					
Proceeds from equity issues	0	0	0	41 209	89 018
Other financing activities	0	0	-350	0	10 355
Translation differences	146	-10	-314	-258	-34
Net cash flow from financing activities	**146**	**-10**	**-664**	**40 952**	**99 339**
Net change in cash and cash equivalents	**-26 770**	**-23 866**	**-49 569**	**-3 672**	**22 182**
Cash and cash equivalents at begining of period	34 187	54 997	56 984	34 802	**34 802**
Cash and cash equivalents at end of period	**7 414**	**31 131**	**7 414**	**31 131**	**56 984**

Statement of changes in equity					
SoftOx Solutions Group					
	Second quarter		First half year		Year
NOK 1,000	2022	2021	2022	2021	2021
Equity at end of prior period	**85 240**	**94 773**	**109 737**	**76 218**	**76 218**
Share issues	0	0	0	41 209	99 023
Loss for the period	-20 566	-21 273	-44 843	-43 775	-65 403
Other changes in equity	411	236	190	83	-101
Equity at end of period	**65 084**	**73 735**	**65 084**	**73 735**	**109 737**

General accounting Principles

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

Basis for consolidation

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

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

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

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

Use of estimates

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

Foreign currency translation

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

Revenue recognition

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

Income tax

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

Balance sheet classification

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

Research and development

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

Plant and equipment

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

Subsidiaries

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

Inventories

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

Accounts receivable and other receivables

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

Pensions

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

Cash flow statement

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

Glossary

BPR	Biocidal Products Regulation
CBRN	Chemical, Biological, Radiological and Nuclear
CTA	Clinical Trial Application
EDF	European Defence Fund
EU	European Union
EWMA	European Wound Management Association
FD	The Norwegian Ministry of Defence (Forsvarsdepartementet)
FDA	U.S. Food and Drug Administration
FFI	Norwegian Defence Research Establishment
GMP	Good Manufacturing Practice
HINAS	Hospital tender for the infection disease control category
IP	Intellectual property
KemI	Swedish Chemicals Agency
MAD	Multiple Ascending Dose
MCM	Medical countermeasure
MRSA	Methicillin-resistant Staphylococcus aureus
MTEC	Medical Technology Enterprise Consortium
NMRC	Naval Medical Research Center
OTA	Other Transaction Agreement
QMS	Quality Management System
R&D	Research and Development
SAD	Single Ascending Dose
SBE	SoftOx Biofilm Eradicator (SoftOx Infection Remover)
SDS	SoftOx Defense Solutions AS
Shares	SoftOx Solutions' issued and outstanding shares, unless the context indicates otherwise, including the Offer Shares offered in the Offering.
SIS	SoftOx Inhalation Solution
SWIS	SoftOx Wound Irrigation Solution
VOC	Volatile Organic Compound

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