Report 4th quarter 2018

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

SoftOx aims to develop a non-toxic and highly efficient antimicrobial technology, which eradicates and prevents biofilm infections, based on years of research and product development with leading Nordic research institutes.

Highlights for the 4th quarter 2018 and status

- SoftOx successfully raised NOK 18 million in new share capital in Q4-2018. The share issue was originally NOK 15 million, however, the board decided to accept all subscriptions totaling NOK 18 million. The funds will be used to conclude the first clinical trial and for general corporate purposes.
- The first clinical study of SoftOx Wound Irrigation Solutions (SWIS) in humans was started at Bispebjerg Hospital/ Rigshospitalet København, and the first patient was treated in December 2018. The clinical study is progressing with more than 50% of the patients now enrolled by medio March 2019.
- The biocidal- registration- application for the family of SoftOx disinfectants was submitted December 2018 according to the new 2019 Biocidal Products Regulations (BPR) for market approval in the Norwegian, Swedish and Danish market.
- The SoftOx- hand -disinfection- patent- application has been expanded geographically to cover Europe, North America and certain South American and Asian geographies in addition to the original US application.
- Negotiations with Antibac (newly sold to Kiilto Oy) are ongoing.

Key figures

Key figures (NOK 1,000)

	2 018	2 017
SoftOx Solutions Group		
Total revenue and other income	4 324	1
Total operating expenses	21 551	13 170
Operating result	**-17 228**	**-13 169**
Net result before taxes	**-17 309**	**-13 172**
Net proceeds from equity issues	600	33 707
Net cash flow	-15 956	16 796
Cash and cash equivalents at end of period	**1 143**	**17 098**
Outstanding share, beginning of the period	49 770	43 659
Outstanding share, end of the period (1, 2)	3 778 650	49 770
Employees, end of the period	10	6

(1) The share issue in 4Q17 was registered in 1Q18
(2) The share was split 1:50 in July 2018

Operational review

Product development

The company development plan includes hand disinfectant (SHD), wound irrigation solutions (SWIS) for preventions of infections and infection remover for chronic wounds (SBE).

Development of the SoftOx Wound Irrigation Solution (SWIS) and SoftOx Biofilm Eradicator (SBE) is progressing according to plan. The intended use for SWIS is to prevent infections in acute wounds and the intended use for SBE is to fight established biofilm infections in chronic wounds. Both products are intended to either reduce or replace the use of antibiotic treatment on skin-related infections.

Major milestones

SoftOx' first-in-man clinical investigation (SWIS-01) was initiated at the Wound Healing Department at Bispebjerg University Hospital (Rigshospitalet) in November 2018 and is progressing with more than 50% of patients now enrolled. Information about the study can be found at www.clinicaltrials.gov.

Late December 2018 SoftOx submitted the application for SHD according to the new 2019 Biocidal Products Regulations (BPR) for market approval in the Norwegian, Swedish and Danish market from 2019.
SoftOx aims to launch SHD in cooperation with a distributor in the Nordic market during 2019.

Organizational information

The Company, including daughter companies, has ten employees at the end of the fourth quarter (whereof two employees on part-time status), totaling nine FTE's.

Upcoming risk next three months

The company will need new financing during second quarter 2019 as previously announced.

Conducting clinical trials have inherent risks. The company has sought to minimize such risks through its design of the clinical study and adhere to applicable standards, including Good Clinical Practice.

The Company is still negotiating with Antibac regarding a distribution agreement for SHD.

Financial review

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

Other operating revenues in 2018 include grants from the Norwegian Research Council under the BIA program.

Personnel expenses increased to KNOK 8,042 in 2018 compared to KNOK 4,079 in 2017, due to the planned increase in staff in the parent company and the Danish subsidiary.

Other operating expenses increased to KNOK 13,140 in 2018 compared to KNOK 8,121 in 2017, due to general expansion of operations.

On 31.12.18 the Group had cash and cash equivalents of KNOK 1,143. Funds from the private placement were received in January,2019.

On 31.12.18 the Group had deferred tax assets of KNOK 7,772, which reflects the deferred tax assets at year end 2017. Tax calculations will be carried out on final audited full year figures.

On 31.12.18 the Group had other intangible assets of KNOK 3,343, mainly including the capitalized patent expenses in the Swedish subsidiary.

In 2018, the Group had a negative cash flow of KNOK 15,956.

Outlook

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

- Finalizing the first-in-man pilot study on SWIS and starting the final pivotal clinical investigation
- Registration of SHD

- Finalizing negotiations of a distribution agreement for the Nordic market for SHD.
- Completing preclinical toxicology and max dose studies on SBE drug candidates

No other substantial financial events have affected the Company’s financial position after 31.12.2018.

Declaration

We declare that to the best of our knowledge the accounts for the 4th quarter of 2018 have been prepared in accordance with current accounting standards for the Group and that the disclosures in the accounts provide a true and fair view of the Company's and the Group's assets, liabilities, financial position and results as a whole and that the quarterly report, including a description of the most important risk and uncertainty factors facing the Group, gives a true and fair view of the development, results and position of the entity and the Group.

Oslo, …………… 2019

SIGN

Lars Johan Frigstad, Chairman

SIGN

Kristian Almås, Director

SIGN

Olav Trygve Jarlsby, Director

SIGN

Kari Grønås, Director

SIGN

Dag Vangsnes, Director

SIGN

Geir Hermod Almås, CEO

Accounting figures for 2018 are preliminary, unaudited figures.

Profit and loss statement		
SoftOx Solutions Group		
NOK 1,000	**2 018**	**2017**
Other operating revenues	4 324	1
Total operating revenues	**4 324**	**1**
Personnel expenses	8 042	4 079
Other operating expenses	12 394	8 121
Depreciation	1 115	846
Depreciation, goodwill	0	124
Total operating expenses	**21 551**	**13 170**
Operating result	**-17 228**	**-13 169**
Net financial items	**-81**	**-4**
Net result before taxes	**-17 309**	**-13 172**

Statement of financial position	**2 018**	**2017**
SoftOx Solutions Group		
NOK 1,000		
Other intangible assets	3 343	2 869
Deferred tax asset	7 772	7 802
Goodwill from acquisition of subsidiary	0	0
Total intangible assets	**11 115**	**10 671**
Production equipment	327	472
Total fixed assets	**327**	**472**
Total non-current assets	**11 441**	**11 143**
Other receivables	6 036	2 796
Total receivables	**6 036**	**2 796**
Cash and cash equivalents	1 143	17 098
Current assets	**7 179**	**19 895**
Total assets	**18 620**	**31 037**
Share capital	76	50
Other paid in equity	48 051	47 477
Total paid in equity	**48 127**	**47 527**
Other equity	-38 195	-20 681
Total equity	**9 932**	**26 846**
Shareholder loans	2 000	
Other non-current liabilities	**2 000**	
Public duties payable	1 069	233
Other current liabilities	1 198	760
Accounts payable	4 423	3 197
Total current liabilities	**6 689**	**4 191**
Total liabiities	**8 689**	**4 191**
Total equity and liabilities	**18 620**	**31 037**

Note: The funds from the private placement was received in January2019.

Cash flow statement	2 018	2017
SoftOx Solutions Group		
NOK 1,000		
Cash flow from operating activities		
Net result before taxes	-17 309	-13 172
Tax paid	0	0
Depreciation	1 115	969
Change in current assets	-3 240	-951
Change in current liabilities	2 498	-2 188
Net cash flow from operating activities	**-16 936**	**-15 342**
Cash flow from investment activities		
Investments in non-current assets	-1 414	-1 486
Net cash flow from investment activities	**-1 414**	**-1 486**
Cash flow from financing activities		
Proceeds from equity issues	600	33 707
Other financing activities	2 000	0
Translation differences	-206	-83
Net cash flow from financing activities	**2 394**	**33 624**
Net change in cash and cash equivalents	**-15 956**	**16 796**
Cash and cash equivalents at begining of period	17 098	302
Cash and cash equivalents at end of period	**1 143**	**17 098**

Statement of changes in equity **SoftOx Solutions Group**			
NOK 1,000	**Share capital**	**Other paid in equity**	**Total equity**
Balance at 01.01.2017	**44**	**13 776**	**2 481**
Loss for the period			-9 408
Share issues	6	33 701	33 707
Other changes in equity			67
Balance at 31.12.2017	**50**	**47 477**	**26 847**
Balance at 01.01.2018	**50**	**47 477**	**26 847**
Loss for the period			-17 309
Share issue registration	25	-25	0
Other changes in equity	0	600	394
Balance at 31.12.2018	**75**	**48 051**	**9 932**

Notes to the Quarterly Financial Statement

Note 1 Accounting policies

The financial statements of SoftOx Solutions Group for 2017 and 2018 are presented in accordance with the Norwegian Accounting Act and generally accepted accounting principles for small-size companies.