SoftOx Solutions Group

Financial Report

Q4 2025

SoftOx Solutions AS (ticker: SOFTX) *is a clinical-stage pharmaceutical company listed on Euronext Growth Oslo. The company is developing highly effective pan-antimicrobial pharmaceuticals targeting bacteria, viruses, and fungi. The technology is based on extensive research and development in partnership with leading Nordic research institutes.*

The SoftOx Solutions Group (SoftOx) comprises the holding company SoftOx Solutions AS and the subsidiaries Water Innovation AB and SoftOx Defense Solutions AS. SoftOx Solutions Group is based in Oslo, Norway, with a subsidiary in Malmö, Sweden, and Clinical Operations in Copenhagen, Denmark.

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Highlights for Q4 of 2025 & Post Period Highlights

Chairman's Reflections

Over the past year, SoftOx has undergone an important transition, refining its strategy, strengthening its leadership, and advancing its clinical development programs. Following the Extraordinary General Meeting in September 2024, the new Board and management team have focused on executing the restructuring and strategic refocusing initiated by the previous Board. I would like to thank our shareholders for their continued support during this period, both through their financial contributions in August 2024 and March 2025 and through their confidence in the company's renewed strategic direction.

With the organizational transition largely completed, SoftOx has concentrated its efforts on realizing the clinical potential of its inhaled therapeutics platform. In September 2025, the company announced a refined clinical strategy with an initial focus on chronic lung diseases. Shortly thereafter, a Clinical Trial Application was submitted to the Danish Medicines Agency for a Phase 2a study in patients with cystic fibrosis, including dose escalation in healthy volunteers and proof-of-concept components. The application was approved at the end of December 2025, and the first healthy volunteer has now been dosed in the study.

In parallel, the company has advanced a Phase 1 clinical program exploring the use of its inhaled therapeutic technology as a medical countermeasure against biological threats. This development is supported by non-dilutive funding from the European Defence Fund and the Norwegian Ministry of Defence, and the Clinical Trial Application was recently approved by the Irish authorities.

A small but highly dedicated team is carrying out these activities. The Board expects both clinical programs to progress according to plan and anticipates meaningful clinical data from patients within the next twelve months. Such results would represent an important value inflection point and provide a basis for potential partnership discussions with pharmaceutical companies.

During the year, SoftOx also completed the spin-off of its wound and skin technology to the company's shareholders, enabling the company to focus fully on its inhaled therapeutics platform. At the same time, significant work has been undertaken to reduce costs and resolve legacy commitments. With these efforts completed, the company is now well-positioned to focus on advancing its clinical programs and securing the financial resources necessary to execute its development strategy.

Ulrik Spork, *Chairman of the Board,* SoftOx Solutions AS

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FUNDING ACTIVITIES

Committed Financing Facility

In August 2025, SoftOx Solutions AS entered into a financing facility with Long State Investments Limited for up to NOK 50 million over 24 months, with an option to extend the facility to NOK 80 million over 36 months. The agreement provides an equity line of credit, allowing SoftOx to issue shares and draw funds at its discretion, depending on market conditions. The facility provides financial flexibility to support key priorities, particularly the execution of planned clinical trials.

As compensation, Long State received 30 million shares as an implementation fee and 60 million warrants. Reference is made to the stock exchange notices from SoftOx Solutions AS dated 18 August 2025, 7 October 2025, and 15 December 2025. The Company is not obligated to utilize the facility, which also does not restrict SoftOx from pursuing alternative financing. The facility may be terminated by SoftOx at any time without penalty.

The second placement under the facility was completed in November 2025, with Long State subscribing for 60,000,000 shares at a subscription price of NOK 0.0604. The third placement was completed in January 2026, consisting of 45,000,000 new shares at a subscription price of NOK 0.0725 per share. The fourth placement under the facility was announced on 11 March 2026, consisting of 60,000,000 new shares at a subscription price of NOK 0.06, further strengthening the Company's financial position and supporting ongoing clinical development activities.

Key figures for the SoftOx Solutions Group as of 31.12.2025

SoftOx Solutions Group	**Fourth quarter**		**Year**	
NOK 1,000	**2025**	**2024**	**2025**	**2024**
Total operating revenue	3 613	1 619	15 584	7 914
Total operating expenses	7 483	2 492	26 955	40 377
Operating result	**-3 869**	**-873**	**-11 371**	**-32 463**
Profit before tax	**-3 876**	**-3 576**	**-10 813**	**-50 459**
Net proceeds from equity issues	10 034	0	19 089	35 745
Net change in cash and cash equivalents	-266	-3 996	9 281	2 861
Cash and cash equivalents at end of period	**19 794**	**10 513**	**19 794**	**10 513**
Outstanding shares, beginning of the period	2 255 416 994	1 951 253 942	1 951 253 942	10 727 871
Outstanding shares, end of the period	2 390 416 994	1 951 253 942	2 390 416 994	1 951 253 942

The Q4 2025 pre-tax result was a loss of NOK 3,9 million (a loss of NOK 3,6 million). The pre-tax result for the first four quarters of 2025 was a loss of NOK 10,8 million (a loss of NOK 50,5 million).

Financial figures for the SoftOx Solutions Group are not audited (figures in brackets are comparable figures for 2024).

Clinical Development Strategy

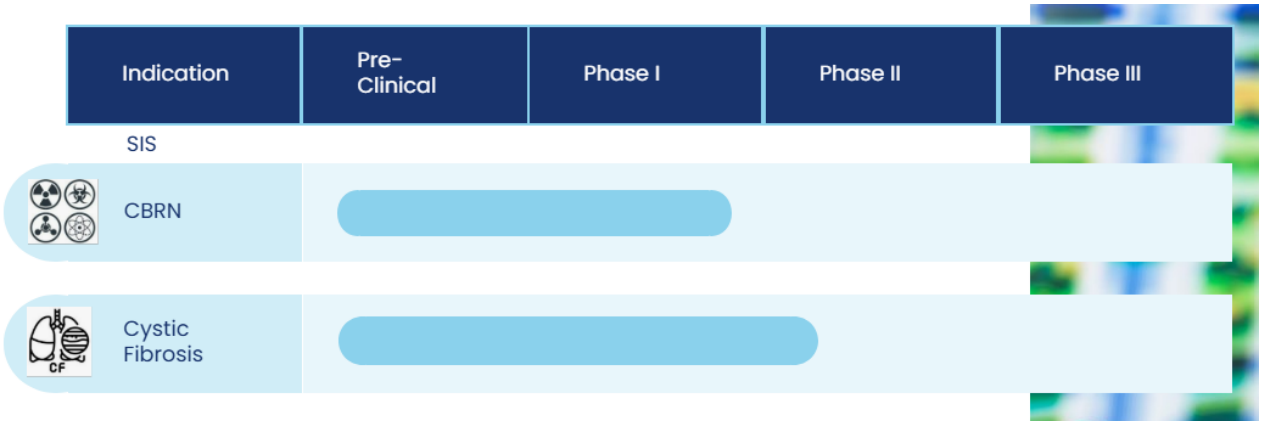
Focus on Therapeutics for Respiratory Tract Infections

SoftOx Solutions AS is dedicated to developing a novel class of inhaled antimicrobial pharmaceuticals designed to combat bacterial, viral, and fungal infections in the respiratory tract without inducing antimicrobial resistance. The technology is designed to act locally in the airways, without systemic exposure, while targeting infections directly at their source.

This approach has the potential to address several major medical needs, including chronic respiratory infections, infections caused by multi-drug-resistant pathogens, and medical countermeasures against biological threats. At the dose levels tested in SoftOx's first-in-human (FIH) trial in healthy volunteers, the drug candidate demonstrated a favourable safety profile with no toxicity signals observed. The next step in development is therefore to demonstrate clinical proof-of-concept in patients.

SoftOx's corporate strategy is to advance its therapeutic candidates from early concept through clinical development, generating robust preclinical and clinical data that can support partnerships for late-stage development and global commercialization.

The pipeline of the Company reflects this strategy, advancing a single inhaled antimicrobial platform (SIS) across multiple respiratory indications toward clinical proof of concept and partnering.

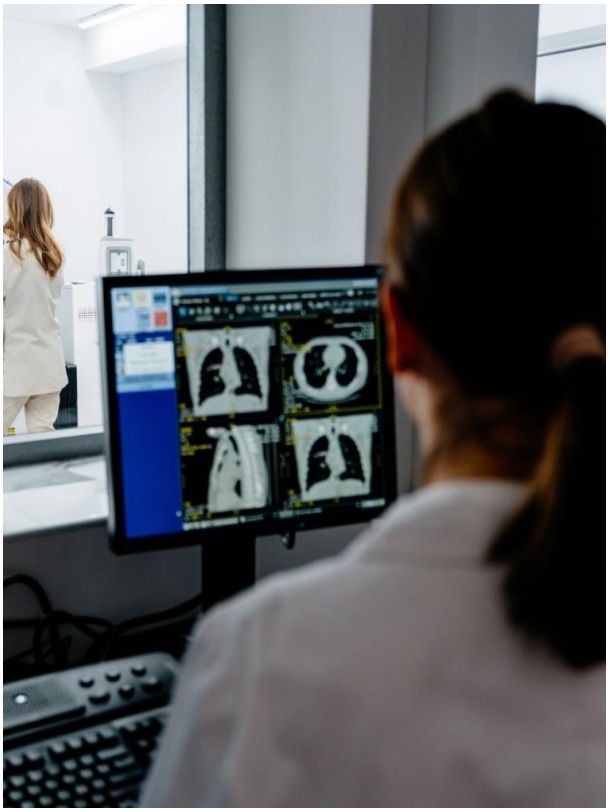


Lung Infection Applications

STRATEGY

SoftOx's inhaled pharmaceutical product, SoftOx Inhalation Solution (SIS), has demonstrated safety in healthy volunteers in a completed Phase 1 clinical trial. Toxicology studies further suggest that higher dose levels than those previously tested in humans may be feasible.

To guide the next stage of development, SoftOx's operations team, in collaboration with external experts, has designed a clinical strategy combining a dose escalation study in healthy volunteers with a robust proof-of-concept (PoC) approach in patients. The program is intended to evaluate both the safety of higher SIS dose levels and the therapeutic potential of the treatment in reducing bacterial load in the lungs.



The clinical development plan was designed with several key considerations in mind, including the ability to obtain airway samples to enable quantitative bacteriology, the clinical setting, patient availability, regulatory feasibility, budget, timeline, and data ownership. Based on this assessment, SoftOx refined its initial clinical focus toward chronic lung infections.

Patients suffering from chronic respiratory infections represent an appropriate population for the initial PoC study. These patients frequently attend specialized clinical centers, can provide relevant biological samples for bacterial load measurements, and represent a significant unmet medical need. In addition, they are experienced in communicating treatment effects and potential adverse events, facilitating the collection of meaningful clinical data.

Successful results from this PoC study may enable subsequent Phase 2 and Phase 3 trials across one or more indications, dependent on the assessment of commercial potential and strategic priorities of future development partners.

Proof-of-Concept (PoC) Clinical Trial

The clinical trial has been designed as a two-stage study. The first stage evaluates the safety of SIS at higher dose levels in healthy volunteers, followed by a proof-of-concept stage assessing reductions in bacterial load in patients with chronic airway infections.

The study is conducted at the same clinical site as SoftOx's previous First in Human (FIH) trial, allowing the company to maintain previously communicated timelines and budgets.

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The Clinical Trial Application (CTA) was submitted to the Danish Medicines Agency at the end of September 2025 and was approved in December 2025. The dosing in the dose escalation part was initiated on March 2, 2026, and the PoC part is expected to conclude in the first quarter of 2027.

HIGHLIGHTS

- Development of a new drug substance through a contract manufacturing organization (CMO).
- Successful manufacturing and release of a GMP drug substance batch.
- Successful manufacturing and release of GMP drug product batches.
- Approval of the SIS-03 dose escalation and proof-of-concept study by the Danish Medicines Agency in December 2025.
- The first healthy volunteer was dosed on March 2, 2026.

OUTLOOK

- The dose escalation part of the study is planned to be completed during H1 2026, after which the PoC part will commence. The trial is planned to conclude in Q1 2027.
- Additional GMP manufacturing of the drug product is planned for Q1 2026 to support the continuation of the clinical program.

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Medical Countermeasure Applications

STRATEGY

SoftOx Defense Solutions AS (SDS) is developing inhaled pharmaceuticals intended to serve as medical countermeasures against biological warfare threats. This work is conducted within the COUNTERACT program, a collaborative project funded by the European Defence Fund (EDF) and supported by the Norwegian Ministry of Defence (NMOD). The program is carried out in collaboration with the Norwegian Defence Research Establishment (FFI) and several European partners.

The COUNTERACT project commenced in December 2022 and is expected to run until November 2027. While the development activities are financed through EDF and NMOD funding, SoftOx retains the commercial rights to the technology.

Within the program, SDS leads the antimicrobial pillar, focusing on developing a second-generation SoftOx Inhalation Solution (SIS) as a broad-spectrum antimicrobial medical countermeasure (MCM). The primary objective of SDS's participation in the project is to conduct a Phase 1 clinical trial evaluating the safety and tolerability of increasing doses of second-generation SIS in healthy volunteers.

HIGHLIGHTS

- In vivo efficacy studies are being conducted by project partners using multiple mouse and rat airway infection models. Preliminary results demonstrate promising activity against Pseudomonas aeruginosa, Streptococcus pneumoniae, Klebsiella pneumoniae, and influenza.
- Successful manufacturing and release of a GMP drug substance batch.
- Successful manufacturing and release of GMP drug product batches.
- In February 2026, the CTA was approved by HPRA, enabling final preparation for the Phase 1 clinical study.

OUTLOOK

- The development of SIS as a medical countermeasure against biological threats is progressing according to plan under the COUNTERACT program.
- Additional GMP manufacturing of the drug product is planned for Q1 2026.
- Final preparations for the Phase 1 study are ongoing, with trial initiation planned for H1 2026. The study is expected to be completed during 2026, with clinical results anticipated in H1 2027.

Financial matters

Financial figures for the SoftOx Solutions Group are not audited (figures in brackets are comparable figures for 2024).

Profit and Loss Statement

During the four quarters of 2025, the company recognized NOK 15,6 million (NOK 7,9 million) as income in connection with funding from the European Defence Fund and Norwegian Research Fund.

In the four quarters of 2025, salary costs were NOK 6,1 million (NOK 5 million). NOK 5,9 million is related to the EDF project.

Other operating costs of the four quarters of 2025 are NOK 17,7 million (NOK 30 million). NOK 9,1 is related to the EDF project.

Total operating expenses of the four quarters of 2025 are NOK 27 million (NOK 40,4 million). NOK 9,1 is related to the EDF project.

Net Financial items for the four quarters of 2025 are NOK 0,6 million (NOK 18 million).

Pre-tax result was a loss of NOK 10,8 million (loss of NOK 50,5 million) for the four quarters of 2025. Results are impacted by the execution of the restructuring efforts.

Cash flow and consolidated balance sheet

Of the capitalized assets, the company has activated its IP and patent costs worth NOK 14 million (NOK 26 million). The IP/Patent costs are depreciated over 5 years. In Q4, the Company reassessed its deferred tax position and determined that deferred tax would be disclosed in the notes to the financial statements only, rather than recognised on the balance sheet, reflecting management's assessment of realizability.

In August 2025, the Company entered into a flexible financing facility with Long State Investments Limited of up to NOK 50 million over 24 months, with an option to extend the facility to NOK 80 million over 36 months. The facility provides access to capital as needed to support operations and growth. The Company is not obliged to utilize the facility and remains free to pursue alternative financing options.

The second placement under the facility was completed in November 2025, with Long State subscribing for 60,000,000 shares at a subscription price of NOK 0.0604. The third placement was completed in January 2026, consisting of 45,000,000 new shares at a subscription price of NOK 0.0725 per share. The fourth placement under the facility was announced on 11 March 2026, consisting of 60,000,000 new shares at a subscription price of NOK 0.06, further strengthening the Company's financial position and supporting ongoing clinical development activities.

In parallel, the Company will continue to assess additional financing opportunities as they become available.

Furthermore, ongoing efforts to optimize cost structures and streamline operations have enhanced the Company's financial resilience, ensuring efficient capital allocation in alignment with long-term strategic objectives.

Legal Matters

Reference is made to the stock notice dated 27 February 2025, where the Company has settled the legal dispute between the Company and a former consultant claiming to have a bonus claim for services rendered in 2022. The Company has settled MNOK 1,5 ex VAT for immediate payment and MNOK 0,8 ex VAT for payment by 30.06.2026.

The Company has also settled an issue related to immaterial rights related to the further development of certain aspects of SoftOx's technology, by issuing 16,5 million shares in the company to its counterpart.

Other than the two cases mentioned above, the Company is not, nor has it been, during the preceding 12 months involved in any legal, governmental, or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

Patent Strategy

The Company pursues an active patent strategy, including improvements as well as pruning of the existing portfolio and filing of new patent applications to further protect the SoftOx technology platform. The company takes advice from a qualified external IP/Patent advisory team.

Option/Warrant Programme

According to the General Assembly on 27th of June 2025, the Company has issued 196 036 487 stand-alone subscription rights/warrants to employees and board members, as outlined in the list below.

Name	Title	Total allocation		Upfront Grant (%) of total	Upfront Grant # (Strike 0,052 (*))	Vesting options (Strike 0,079)	Vesting (years)	Annual vesting #	Accel. Vesting
		% of total issued equity	Number of warrants						
Medical Consulting Aps (Thomas Bjarnsholt)	CEO	1,00 %	22 404 170	25 %	5 601 042	16 803 127	3	5 601 042	yes
Bonica AS (Ingrid Juven)	CFO	1,00 %	22 404 170	25 %	5 601 042	16 803 127	3	5 601 042	yes
Ulrik Spork	CBO	3,00 %	67 212 510	33 %	22 180 128	45 032 382	3	15 010 794	yes
Christian V Thomsen	VCBO	1,50 %	33 606 255	25 %	8 401 564	25 204 691	3	8 401 564	yes
Andrian Bignami	Board member	0,50 %	11 202 085	25 %	2 800 521	8 401 564	3	2 800 521	yes
[TBD]	Board member	0,50 %	11 202 085	0 %	-	11 202 085	3	3 734 028	yes
ESOP (allocated by BoD)	Key employees	1,25 %	28 005 212	0 %	-	28 005 212	3	9 335 071	yes
		8,75 %	196 036 487		44 584 298	151 452 189		50 484 063	

* Average 10 days VWAP 12.09.24 and 12.06.25
** 10 days VWAP 12.06.2025

According to the General Assembly on 28th June 2024, the Company has issued 30 006 250 stand-alone subscription rights/warrants to employees and board members, as outlined in the list below.

KEY PERSONELL & BOARD			Amount	Warrents	Duration	Strike
Medical Consulting	Thomas Bjarnsholdt	Key Personell	895 000	4 475 000	5 years	0,4
Bonica	Ingrid Juven	Key Personell	1 080 000	5 400 000	5 years	0,4
Elin Jørgensen		Key Personell	171 875	859 375	5 years	0,4
Adrian Bignami		Board	171 875	859 375	5 years	0,4
Not applicable - engagament closed			3 682 500	18 412 500		
SUM			6 001 250	30 006 250		

Significant risk factors for the company

- Clinical research studies always involve an inherent risk of being delayed and not delivering results as expected.
- Financial risks mainly consist of currency, credit, and liquidity risk. The company depends on funding its R&D activities with funds from investors.
- 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 report 2025 accounts for the period 1st of January to 31th of December 2025 have been prepared following 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 report provides a true and fair view of the information specified in Section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

Oslo, 24th of March 2026

SIGNED

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Ulrik Spork, Chairman of the Board

SIGNED

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Christian Vinding Thomsen, Board Member

SIGNED

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Adrian Bignami, Board Member

SIGNED

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Tore Duvold, Board Member

SIGNED

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Ingrid Juven, Managing Director/CFO

Profit and Loss Statement

Profit and loss statement
Accounts for fourth quarter 2025

SoftOx Solutions Group	**Fourth quarter**		**Year**	
NOK 1,000	**2025**	**2024**	**2025**	**2024**
Other operating revenues	3 613	1 619	15 584	7 914
Total operating revenues	**3 613**	**1 619**	**15 584**	**7 914**
Personnel expenses	1 533	1 007	6 087	4 985
Other operating expenses	5 095	18	17 677	30 020
Depreciation	854	1 467	3 192	5 372
Depreciation, goodwill	0	-	0	0
Total operating expenses	**7 483**	**2 492**	**26 955**	**40 377**
Operating result	**-3 869**	**- 873**	**-11 371**	**-32 463**
Net financial items	**-7**	**- 2 704**	**558**	-17 996
Profit before tax	**-3 876**	**- 3 576**	**-10 813**	**-50 459**
Tax	0	-	0	7 515
Annual profit/loss	**-3 876**	**- 3 576**	**-10 813**	**-42 944**

Balance sheet 31.12.25

Statement of financial position	31.12.2025	31.12.2024
SoftOx Solutions Group		
NOK 1,000		
Other intangible assets	14 137	26 412
Deferred tax asset	0	84 203
Goodwill from acquisition of subsidiary	0	0
Total intangible assets	**14 137**	**110 615**
Production equipment	0	0
Total fixed assets	**0**	**0**
Non-current assets	**14 137**	**110 615**
Inventory	0	0
Total inventory	**0**	0
Other receivables	0	13
Total receivables	**0**	**13**
Cash and cash equivalents	19 794	10 513
Deposits	0	0
Current assets	**19 794**	**10 526**
Total assets	**33 931**	**121 141**

Share capital	47 808	39 025
Share premium reserve	-24 494	52 917
Total paid up capital	**23 315**	**91 942**
Other equity	-361	3 242
Total equity	**22 954**	**95 185**
Other long term debts	0	0
Other non-current liabilities	**0**	**0**
Dividend	0	10 000
Public duties payable	-243	-569
Shareholder loans	0	0
Other current liabilities	10 223	10 143
Accounts payable	997	6 382
Total current liabilities	**10 977**	**25 956**
Total liabiities	**10 977**	**25 956**
Total equity and liabilities	**33 931**	**121 141**

Cash Flow Statement

Cash flow statement	Fourth quarter		Year	
	2025	2024	2025	2024
SoftOx Solutions Group				
NOK 1,000				
Cash flow from operating activities				
Net result before taxes	-3 876	-3 576	-10 813	-50 459
Tax paid	0	0	0	0
Depreciation	854	1 467	3 192	5 372
Change in current assets	0	889	13	936
Change in current liabilities	-6 285	8 518	-14 979	-23 327
Convertion of debts/dividend	1 149	5 328	3 721	100 039
Net cash flow from operating activities	**-8 158**	**12 626**	**-18 866**	**32 561**
Cash flow from investment activities				
Investments in non-current assets	-1 732	-16 622	9 083	-19 835
Net cash flow from investment activities	**-1 732**	**-16 622**	**9 083**	**-19 835**
Cash flow from financing activities				
Proceeds from equity issues	10 034	0	19 089	35 745
Other financing activities	-410	0	0	-45 589
Translation differences	0	0	-22	-19
Net cash flow from financing activities	**9 624**	**0**	**19 066**	**-9 863**
Net change in cash and cash equivalents	**-266**	**-3 996**	**9 281**	**2 861**
Cash and cash equivalents at begining of period	20 060	14 509	10 513	7 652
Cash and cash equivalents at end of period	**19 794**	**10 513**	**19 794**	**10 513**

Statement of changes in equity (*)

Statement of changes in equity				
SoftOx Solutions Group				
	Fourth quarter		Year	
NOK 1,000	2025	2024	2025	2024
Equity at end of prior period	**100 261**	**85 917**	**95 185**	**2 366**
Share issues (equity/debt convertion)	10 773	5 328	22 810	135 783
Loss for the period	-3 876	-3 576	-10 813	-42 944
Other changes in equity	-84 204	0	-84 227	-21
Equity at end of period	**22 954**	**87 670**	**22 954**	**95 185**

(*) The first four quarters of 2024 and 2025 are before tax, and the Year 2024 is after tax. The full year 2024 is after tax, and the full year 2025 is before tax.

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 the parent and subsidiary.

The purchase method is applied when accounting for business combinations. Companies that 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 recognized 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 recognized in the income statement as they occur during the accounting period.

Revenue recognition

Revenues from the sale of goods are recognized 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 recognized 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 recognized as revenue. The total estimated loss on a contract will be recognized 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 tax payable and changes in deferred tax. Deferred tax is calculated on temporary differences between the carrying amounts and tax values of assets and liabilities, including the tax effect of tax losses carried forward.

Based on management's assessment of realizability and materiality, deferred tax assets are not recognised on the balance sheet but are disclosed in the notes to the financial statements. Tax payable and deferred tax relating to equity transactions are recognised directly in equity.

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 recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long-term liabilities are recognized at nominal value.

Research and development

Development costs are capitalized 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. Capitalized development costs are amortized linearly over their useful life. Research costs are expensed as incurred.

Plant and equipment

Plant and equipment are capitalized 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 recognized 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 recognized 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

CBRN	Chemical, Biological, Radiological, and Nuclear
EDF	European Defence Fund
EN	European Norm
EU	European Union
FDA	U.S. Food and Drug Administration
IP	Intellectual property
KemI	Swedish Chemicals Agency
MRSA	Methicillin-resistant Staphylococcus aureus
OTA	Other Transaction Agreement
R&D	Research and Development
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

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