

Interim report Quarter 3

1 July – 30 September 2020

THIRD QUARTER (THE GROUP)

- Net sales for the third quarter amounted to MSEK 1.4 (3.5), with continued negative impact from the ongoing COVID-19 pandemic.
- The gross margin for the third quarter amounted to 77 (-69) percent. The gross margin for the third quarter 2019 was negatively affected by warranty provisions of MSEK 5.0. The comparable gross margin for the third quarter 2019, corrected for warranty provisions, was 76 percent.
- The result after taxes for the third quarter amounted to MSEK -4.1 (-7.3).
- The Group's cash flow for the third quarter amounted to MSEK -3.5 (-2.2).

SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- The Board of Directors of Doxa AB (publ) resolved on a new issue of shares with preferential rights for existing shareholders of almost MSEK 15.

OTHER EVENTS DURING THE THIRD QUARTER

- Registration applications for the new products Ceramir® Restore and Ceramir Protect were submitted to the FDA in the United States.
- Doxa resumed the bi-monthly publication of a newsletter to shareholders.

SIGNIFICANT EVENTS AFTER THE THIRD QUARTER

- An extraordinary general meeting held on October 9 resolved to approve the Board of Directors's resolution to carry out a rights issue.
- In October, Doxa's CFO announced his decision to step down from his role at Doxa for a position in another company.

SUMMARY OF THE THIRD QUARTER (THE GROUP)

(MSEK)	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Revenue incl. own work capitalized	1.7	3.6	6.4	12.9	20.1
Net sales incl. other operating income	1.4	3.5	5.5	12.4	19.4
Gross profit excl. own work capitalized	1.1	-2.4 ¹	5.0	4.6 ¹	10.7 ²
Gross margin, %	77	-69	91	37	55
Profit before one-time items and net financial items	-3.9	-7.3	-10.6	-10.9	-11.1
Net profit or loss for the period	-4.1	-7.3	-11.0	-11.0	-11.3
Cash flow	-3.5	-2.2	-0.5	-11.8	-15.0

1) Includes warranty provisions for recall of MSEK 5

2) including recall costs of MSEK 3.6

DOXA IN BRIEF

Doxa is a dental company based in Uppsala, Sweden, which develops, manufactures and commercializes bioactive, tissue-friendly and easy-to-use products for global dentistry. The basis of development is a well patented bioceramic technology. Our products, which are sold and marketed under the product names Ceramir®, Ceramir Crown & Bridge and Ceramir Bioceramic Implant Cement, are remineralizing, tissue-friendly and (for the dentist) time-efficient dental cements for permanent cementation of crowns and bridges. Doxa Aktiebolag (publ) is listed on Nasdaq First North Growth Market with Redeye AB as the company's Certified Adviser (telephone: +468-121 576 90; e-mail: certifiedadviser@redeye.se).

CEO COMMENTS

NEW PRODUCTS PAVE THE WAY FOR STRATEGIC COOPERATIONS

During the summer, two new products were finalized: “Cerimir Restore” and “Cerimir Protect”. Both products are based on Doxa's unique, bioactive and biocompatible technology platform Cerimir. The next important milestone for these products is the FDA approval – and thereafter, the market launch awaits. Our assessment is that this could happen at the end of 2020 or early 2021. Our novel products are of interest not only to distributors and dentists but also to prospective partners, who have expressed interest in, e.g., white label cooperations similar to our current arrangement with Dentsply Sirona regarding Cerimir Crown & Bridge. During the fall, we have also contracted a consultancy firm to conduct a strategic analysis of our products and markets. The analysis shows that Doxa's product portfolio of dental consumables that are bioactive and biocompatible is attractive as well as timely. In view of this, Doxa will actively pursue strategic cooperations in order to successfully commercialize the Cerimir platform.

RISING DEMAND FOR BIOACTIVE AND BIOCOMPATIBLE PRODUCTS

The market for bioactive and biocompatible consumables shows strong growth and is projected to grow by 20 percent during 2021. Bioactive and biocompatible products are extremely timely and attract the interest of more and more global operators today, manufacturers as well as distributors.

Bioactivity affects how well the products interact and pull together with the teeth and the oral cavity. As regards the Cerimir technology platform, this results in the formation of a toothlike material, and the product (the cement, filling material or pulp cap) remineralizes the tooth. Together with an increase in pH, which creates a more basic environment in the mouth, this inhibits caries formation. The high level of biocompatibility of the products entails that they are more tissue-friendly than much of the competition, and thus more gentle to the dental tissue and the oral cavity.

Doxa's entire product portfolio is based on the Cerimir technology platform, which is bioactive and very biocompatible. The new products that currently await FDA approval are Cerimir Restore and Cerimir Protect. Cerimir Restore is a semi-permanent filling material, which is suited for smaller fillings, treatment of children and geriatric dental care. Cerimir Protect is intended to protect the pulp in events of pulpal exposure and filling of deep cavities that approach the pulp.

THE PROFOUND IMPACT OF THE COVID-19 PANDEMIC ON OUR OPERATIONS HAS REMAINED THROUGH THE THIRD QUARTER

We note a continuing positive development as all dental clinics now have opened up, in part or in full, in the United States. The number of patients seeking dental treatment is also on the rise. In addition, we see that the purchasing behaviour of both our distributors and their customers – that is, the dentists – has changed somewhat; the purchase volumes per order are lower than they were before the pandemic. There is a fear of building stocks of consumables, which would be costly to maintain if operations were forced to additional temporary shutdowns. This has affected us negatively, as we have been used to larger orders at a time. We can see now in October that we have received more orders per customer than we did during the second quarter.

Our assessment is that both distributors and dentists now have so low stock levels that the increasing patients flows will be reflected in a positive impact on our sales. I am therefore positively anticipatory of the fourth quarter.

Our costs compared to the previous year will remain lower than planned for the remainder of 2020. A development, which is not inconsiderable, is that most physical scientific meetings and trade fairs have been canceled, with digital events taking their place. Doxa's representatives have participated in several digital meetings, where we have set up virtual stands. Dentists have been able to interact with us online through chat and voice calls. We have also received orders at these forums. Sales-wise, these activities have achieved only marginal results. Nevertheless, direct contact with final users provides very valuable knowledge for the future design of our marketing.

AN MSEK 15 RIGHTS ISSUE AS MANDATED BY SHAREHOLDERS

Thanks to the mandate given by the shareholders at the extraordinary general meeting held on October 9, a fully guaranteed rights issue is now underway. The purpose of the rights issue is to raise capital for expanded marketing activities, the launch of the new products Cerimir Restore and Cerimir Protect, and an accelerated implementation of our strategy to continue to develop novel bioactive and biocompatible dental consumables. This work has now commenced.

FUTURE OUTLOOK

Thanks to the decided and fully guaranteed rights issue, Doxa will now strengthen its capital position. This will enable increased marketing activities and a strong launch of our new products. It further gives us the possibility to speed up the pace and continue to develop new bioactive products in dental consumables. This injection, two new products to launch and the recovery that we see on our American main market make me look forward to the final quarter of 2020 and to 2021 with confidence. In the longer term, I am even more optimistic as we consider our technology for bioactive and biocompatible dental products to be the best there is; we are perfectly positioned in one of the most important sunrise segments of the global dental market.



A handwritten signature in black ink, appearing to read 'Henrik Nedoh'.

Henrik Nedoh, CEO

RESULT AND FINANCIAL POSITION

THE GROUP

Net sales and profit

The Group's net sales for the third quarter of 2020 amounted to MSEK 1.4 (3.5), continuing to suffer a negative impact from the ongoing COVID-19 pandemic and the resulting partial lockdown of society in the United States, dental clinics included.

The operating costs for the third quarter of the year amounted to MSEK 5.6 (10.9). Corrected for warranty provisions of MSEK 5 made during the third quarter of 2019, this is a decrease by MSEK 0.3. Reduced cost of goods sold, marketing and personnel compensated for an increase of other costs, mainly comprised of increased consultancy costs in conjunction with the company's development work and future strategy.

Operating profit for the third quarter amounted to MSEK -3.9 (-7.3) and the result after tax amounted to MSEK -4.1 (-7.3).

Financial position

The Group's cash and cash equivalents amounted to MSEK 4.2 (7.9) as of September 30, 2020. Equity amounted to MSEK -2.0 (9.2). A fully guaranteed rights issue of almost MSEK 15 was resolved upon by an extraordinary general meeting held on October 9. The company expects to receive the proceeds on November 20.

Cash flow

The Group's cash flow for the third quarter 2020 amounted to MSEK -3.5 (-2.2). A fully guaranteed rights issue of almost MSEK 15 is underway.

THE PARENT COMPANY

Net sales and profit

The Parent Company's revenue for the third quarter 2020 amounted to MSEK 0.4 (0.4).

Result after tax for the third quarter 2020 amounted to MSEK -8.4 (-0.9). The result is impacted by impairment of shares and participations in subsidiaries in conjunction with a shareholder contribution of MSEK 7 made in September to the subsidiary Doxa Dental AB.

Financial position

The Parent Company's cash and cash equivalents amounted to MSEK 0.8 (0.1) as of September 30, 2020, and the equity amounted to MSEK 22.7 (33.8).

Cash flow

The Parent Company's cash flow for the third quarter 2020 amounted to MSEK -2.7 (-0.1). A fully guaranteed rights issue of almost MSEK 15 is underway.

PERSONNEL

The number of employees in the Group amounted to ten at the end of the third quarter 2020. This corresponds to 9.9 full-time equivalent employees.

THE SHARE

The total number of shares outstanding at the end of the period was 55,900,400.

The share has been listed on Nasdaq First North Growth Market since April 2014. It is traded under the ticker DOXA. Redeye AB is the Certified Adviser for the company.

As of September 30, 2020, 78.1 percent of Doxa is owned by the following five shareholders:

Owner	Number of shares	Holding
Adma Förvaltnings AB	34,969,012	62.6%
Ålandsbanken, on owner's behalf	3,133,000	5.6%
Skandia, försäkrings	3,046,685	5.5%
Hartmut Wiese	1,378,959	2.5%
Aktiebolaget Possessor	1,138,182	2.0%

RISKS

A presentation of the risks involved in the Company's operations is provided in the 2019 Annual Report. The Annual Report is available via the Company's website, www.doxa.se, under the "Investor relations/Finansiella rapporter" tab.

ACCOUNTING POLICIES

This interim report is prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and pursuant to the general recommendations of the Swedish Accounting Standards board BFNAR 2016:10, Annual accounts and consolidated financial statements (K3). The Group applies the same accounting policies and calculation methods as the previous year.

THE BOARD'S ASSURANCE

The Managing Board and the CEO confirm that this quarterly report provides a true and fair view of the Company's operations, position and performance, and describes material risks and uncertainties faced by the Company.



Uppsala, October 20, 2020

Ingrid Atteryd Heiman
Chairman

Melker Nilsson
Director

Pål Ryfors
Director

Christian Lindgren
Director

Ljubo Mrnjavac
Director

Jonas Ehinger
Director

Henrik Nedoh
Chief Executive Officer

This interim report has not been reviewed by the company's Auditor.

For additional information:

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Upcoming announcements:

Year-end report 2020	February 19, 2021
Interim report Q1, 2021	April 21, 2021
Interim report Q2, 2021	August 5, 2021
Interim report Q3, 2021	October 28, 2021

THE GROUP

CONSOLIDATED INCOME STATEMENT (MSEK)

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Operating income					
Net sales incl. other operating income	1.4	3.5	5.5	12.4	19.4
Own work capitalized	0.3	0.1	0.9	0.5	0.7
Total income	1.7	3.6	6.4	12.9	20.1
Operating costs					
Cost of goods sold	-0.3	-5.8 ¹	-0.5 ²	-7.8 ¹	-8.7
Advertising/marketing	-0.6	-0.9	-1.5	-1.8	-2.5
Personnel costs	-2.4	-2.7	-8.3	-7.8	-10.9
Fees for outside services	-1.0	-0.4	-2.5	-1.9	-2.9
Other costs	-1.1	-0.9	-3.7	-4.0	-5.6
Depreciation/amortization of tangible and intangible assets	-0.2	-0.2	-0.5	-0.5	-0.6
Total costs	-5.6	-10.9	-17.0	-23.8	-31.2
Operating profit	-3.9	-7.3	-10.6	-10.9	-11.1
Interest income and similar items	0.0	0.0	0.0	0.1	0.1
Interest costs	-0.2	-0.0	-0.3	-0.2	-0.2
Profit after financial items	-4.1	-7.3	-10.9	-11.0	-11.2
Tax on profit for the period	0.0	-0.0	-0.1	-0.0	-0.1
Profit/loss for the period	-4.1	-7.3	-11.0	-11.0	-11.3

1) Includes warranty provisions of MSEK 5.0 for recall

2) Includes reversal of warranty provisions of MSEK 0.8

CONSOLIDATED BALANCE SHEET
(MSEK)

	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development	3.4	2.8	2.9
Tangible fixed assets			
Equipment, tools, fixtures and fittings	0.2	0.2	0.1
Financial fixed assets			
Other long-term receivables	0.0	0.0	0.0
Total fixed assets	3.6	3.0	3.0
Current assets			
Inventories	3.3	3.3	2.8
Current receivables	1.1	1.6	5.2
Prepayments and accrued income	0.8	1.0	0.9
Cash and bank balances	4.2	7.9	4.7
Total current assets	9.4	13.8	13.6
TOTAL ASSETS	13.0	16.8	16.6
EQUITY AND LIABILITIES			
Equity			
Share capital	28.0	28.0	28.0
Other contributed capital	196.9	196.9	196.9
Other equity including result for the period	-226.9	-215.7	-216.0
Total equity	-2.0	9.2	8.9
Provisions		5.0	
Warranty provisions	0.3	5.0	3.4
Long-term liabilities		0.0	
Liabilities to credit institutions	0.0	0.0	0.0
Current liabilities			
Borrowings	10.0 ¹	0.0	0.0
Accounts payable	1.7	1.1	2.0
Other liabilities	1.7	0.3	0.3
Accruals and deferred income	1.3	1.2	2.0
Total current liabilities	14.7	2.6	4.3
TOTAL EQUITY AND LIABILITIES	13.0	16.8	16.6

1) Loan from Adma Förvaltnings AB of MSEK 10

CONSOLIDATED CASH FLOW STATEMENT
(MSEK)

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Operating activities					
Operating result	-3.8	-2.3	-10.7	-5.9	-11.1
Adjustment for items not included in cash flow	0.1	0.2	-0.6	0.4	4.0
Income tax paid and net interest	-0.2	-0.0	-0.3	-0.1	-0.2
Cash flow from operating activities before changes in working capital	-3.9	-2.1	-11.6	-5.6	-7.3
Change in working capital	0.7	0.0	0.8	-0.7	-2.0
Cash flow from operating activities	-3.2	-2.1	-10.8	-6.3	-9.3
Cash flow from investing activities	-0.3	-0.1	-1.1	-0.5	-0.7
Cash flow from financing activities	0.0	0.0	11.4 ^{1,2}	-5.0 ³	-5.0
Cash flow for the period	-3.5	-2.2	-0.5	-11.8	-15.0
Cash and cash equivalents at the beginning of the period	7.7	10.1	4.7	19.7	19.7
Translation differences	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the end of the period	4.2	7.9	4.2	7.9	4.7

1) Loan from Adma Förvaltnings AB of MSEK 10

2) MSEK 1.3 comprises deferred tax and fees paid by the Swedish Tax Agency pursuant to temporary rules imposed in response to the COVID-19 pandemic.

3) In June 2020, the remaining borrowing from Erik Penser Bank in the amount of MSEK 4.5 was fully amortized by the Group.

CONSOLIDATED CHANGES IN EQUITY (MSEK)

2020	Share capital	Other contributed capital	Other equity including result for the period	Total equity
Opening balance on 2020-01-01	28.0	196.9	-216.0	8.9
Profit/loss for the period			-11.0	-11.0
Translation differences			0.1	0.1
Closing balance equity on 2020-09-30	28.0	196.9	-226.9	-2.0

2019	Share capital	Other contributed capital	Other equity including result for the period	Total equity
Opening balance on 2019-01-01	28.0	196.9	-204.8	20.1
Profit/loss for the period			-11.0	-11.0
Translation differences			0.0	0.0
Closing balance equity on 2019-09-30	28.0	196.9	-215.7	9.2

DATA PER SHARE (GROUP) (SEK)

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Net earnings per share	-0.07	-0.13	-0.20	-0.20	-0.20
Equity per share	-0.04	0.16	-0.04	0.16	0.16
Solidity, %	-16	55	-16	55	54
Number of shares outstanding	55,900,400	55,900,400	55,900,400	55,900,400	55,900,400
Weighted average number of shares outstanding	55,900,400	55,900,400	55,900,400	55,900,400	55,900,400

DEFINITIONS OF INDICATORS

- Earnings per share - Net profit for the period in relation to the weighted average number of shares
- Equity per share - Equity in relation to the number of shares at the end of the period
- Solidity - Equity in relation to the balance sheet total

THE PARENT COMPANY

PARENT COMPANY'S INCOME STATEMENT (MSEK)

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Operating income					
Net sales	0.4	0.4	1.4	1.5	2.0
Total income	0.4	0.4	1.4	1.5	2.0
Operating costs					
Advertising/marketing	0.0	0.0	0.0	0.0	-0.1
Personnel costs	-0.7	-1.0	-2.2	-2.2	-3.2
Fees for outside services	-0.6	-0.2	-0.8	-0.5	-0.7
Other costs	-0.3	-0.2	-1.1	-1.5	-1.8
Total costs	-1.6	-1.3	-4.1	-4.2	-5.8
Operating profit	-1.2	-0.9	-2.7	-2.7	-3.8
Interest costs	-0.2	0.0	-0.3	0.0	0.0
Profit from shares and participations in subsidiaries	-7.0	0.0	-7.0	0.0	0.0
Profit after financial items	-8.4	-0.9	-10.0	-2.7	-3.8
Tax on profit for the period	0.0	0.0	0.0	0.0	0.0
Profit/loss for the period	-8.4	-0.9	-10.0	-2.7	-3.8

PARENT COMPANY'S BALANCE SHEET
(MSEK)

	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Financial fixed assets			
Shares and participations in subsidiaries	30.0	30.0	30.0
Receivables from Group companies	1.8	3.9	3.0
Other long-term receivables	0.0	0.0	0.0
Total fixed assets	31.8	33.9	33.0
Current assets			
Receivables from Group companies	1.6	0.4	0.5
Other receivables	0.1	0.1	0.1
Prepayments and accrued income	0.3	0.3	0.2
Cash and bank balances	0.8	0.1	0.1
Total current assets	2.8	0.9	0.9
TOTAL ASSETS	34.6	34.8	33.9
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	28.0	28.0	28.0
Statutory reserve	14.2	14.2	14.2
Total restricted equity	42.2	42.2	42.2
Non-restricted equity			
Share premium reserve	182.7	182.7	182.7
Retained earnings	-192.2	-188.4	-188.4
Net profit or loss for the year	-10.0	-2.7	-3.8
Total non-restricted equity	-19.5	-8.4	-9.5
Total equity	22.7	33.8	32.7
Long-term liabilities	0.0	0.0	0.0
Current liabilities			
Borrowings	10.0 ¹	0.0	0.0
Accounts payable	0.8	0.3	0.1
Other liabilities	0.4	0.2	0.1
Liabilities to group companies	0.0	0.0	0.0
Accruals and deferred income	0.7	0.5	1.0
Total current liabilities	11.9	1.0	1.2
TOTAL EQUITY AND LIABILITIES	34.6	34.8	33.9

1) A loan of MSEK 10 has been received from Adma Förvaltnings AB

PARENT COMPANY'S CASH FLOW STATEMENT
(MSEK)

	July - Sep 2020	July - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Jan - Dec 2019
Operating activities					
Profit after financial items	-8.4	-0.9	-10.0	-2.7	-3.8
Adjustment for items not included in cash flow	7.0 ¹	0.0	7.0 ¹	0.0	0.0
Cash flow from operating activities before changes in working capital	-1.4	-0.9	-3.0	-2.7	-3.8
Change in working capital	-1.3	0.8	-6.7	2.6	3.7
Cash flow from operating activities	-2.7	-0.1	-9.7	-0.1	-0.1
Cash flow from investing activities	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	0.0	10.4 ^{2,3}	0.0	0.0
Cash flow for the period	-2.7	-0.1	0.7	-0.1	-0.1
Cash and cash equivalents at the beginning of the period	3.5	0.2	0.1	0.2	0.2
Cash and cash equivalents at the end of the period	0.8	0.1	0.8	0.1	0.1

1) Impairment of shares in subsidiary in conjunction with shareholder contribution.

2) Loan from Adma Förvaltnings AB of MSEK 10

3) MSEK 0.4 comprises deferred tax and fees paid by the Swedish Tax Agency pursuant to temporary rules imposed in response to the COVID-19 pandemic.

This report is a translation from Swedish. In case of divergence between the language versions, the Swedish version shall prevail.