

Interim report Quarter 2

1 April – 30 June 2020

SECOND QUARTER (THE GROUP)

- Net sales for the second quarter amounted to MSEK 0.7 (4.2) following significant impact from the ongoing COVID-19 pandemic.
- The gross margin for the second quarter amounted to 131 (87) percent. The gross margin was positively affected by the dissolution of guarantee reserves in the amount of MSEK 0.3.
- The result after taxes for the second quarter amounted to MSEK -4.1 (-1.8).
- The Group's cash flow for the second quarter amounted to MSEK 1.1 (-6.3).

SIGNIFICANT EVENTS IN THE SECOND QUARTER

- As a consequence of the corona pandemic, short-time working of 20 percent was implemented in April for all staff employed in Sweden. The Board of Directors lowered its fees during the period as well, with the same percentage as the reduction in pay for the employees.
- Doxa held its Annual General Meeting on June 8, 2020.

SIGNIFICANT EVENTS AFTER THE SECOND QUARTER

- Registration applications for the new products Ceramir® Restore and Ceramir Protect have been submitted to the FDA in the United States.

SUMMARY OF THE SECOND QUARTER

(MSEK)	Apr - June 2020	Apr - June 2019	Jan - June 2020	Jan - June 2019	Jan - Dec 2019
Revenue incl. own work capitalized	1.0	4.4	4.7	9.3	20.1
Net sales incl. other operating income	0.7	4.2	4.1	8.9	19.4
Gross profit excl. own work capitalized	0.8 ¹	3.7	3.9 ²	6.9	10.7
Gross margin, %	131	87	96	78	55
Profit before one-time items and net financial items	-3.9	-1.7	-6.8	-3.6	-11.1
Net profit or loss for the period	-4.1	-1.8	-6.9	-3.8	-11.3
Cash flow	1.1	-6.3	3.0	-9.6	-15.0

1) Includes dissolution of guarantee reserve of MSEK 0.3

2) Includes dissolution of guarantee reserve of MSEK 0.8

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

THE U.S. MARKET HAS OPENED UP

The dental clinics have opened up again in the United States. Operations have got off the ground quicker than previously estimated, and according to the latest reports from the American Dental Association (ADA), approximately 70 percent of all U.S. clinics have resumed operations. From the indications we are getting from the market, the states that first started to lift restrictions have seen up to a 90 percent increase in the number of clinics that have resumed non-emergency dental care.

Dentists are still not performing as many treatments per day as before the pandemic. This is attributable to the implementation of safety measures such as social distancing, a limited number of patients allowed in the waiting room, protective equipment requirements and stricter hygiene rules. New working methods and protocols are gradually being developed, at the same time as many dentists increase their opening hours to be able to boost productivity and treat more patients. Our assessment is that many dentists are expected to cancel their leave or take less leave than usual this summer. The majority of the scientific meetings and conferences have either been cancelled or will be held online. This entails that training and lectures will still be in demand – but in digital form. We have also spent a lot of effort on digital activities during spring, and we will continue to do so during fall, in cooperation with the dentistry community as well as our distributors.

DEVELOPMENT OF SALES

Following the very strong end of 2019 and the solid start of 2020, Doxa's sales was heavily impacted in the second quarter by the lockdowns in many parts of the world that followed in the wake of the COVID-19 pandemic. Our sales were practically obliterated during the second quarter. Statistics from Henry Schein and several other major distributors are indicative of the same pattern. Henry Schein's turnover from permanent cements fell by more than 90 percent in April compared with the same period last year. The distributors' sales gradually started to recover during the end of May and in June.

In the second quarter, our activities have included new online training, web campaigns and posts on social media, all well received by the dentistry community.

The Japanese market has been approached by means of digital marketing activities during spring, in cooperation with our distributor. We maintain a positive outlook on Ceramir's development on the Japanese market, which is Doxa's second priority market.

We have over the course of the second quarter initiated a reconstruction of a domestic market, by making contact with a number of distributors active on the Swedish market. Dentistry has reduced its activities in Sweden as well, and we are now seeing that clinics are resuming normal operations here too.

PRODUCT DEVELOPMENT

Development and investment in novel products based on Doxa's unique bioactive Ceramir® technology have been highly prioritized during the second quarter. This has resulted in the completion of two products that we have been working on for a long time, and the registration application for these products has been submitted to the

FDA in the United States. The new products are a pulp cap/liner – Ceramir Protect – and a filling material – Ceramir Restore. It is my assessment that the products will be registered and ready for market launch in the U.S. in the fourth quarter this year. This is a major step for Doxa, which thereby becomes a multi-product company.

Our new pulp cap/liner, Ceramir Protect, will be a challenger to the market leader, Bisco's pulp cap/liner. Bisco is canvassing the market through their internal sales team only, while Doxa is selling through distributors. The total market for bioactive liners in the United States is estimated to amount to MUSD 22.

The second product is a filling material without composite materials, Ceramir Restore, where our unique Ceramir technology contributes to bioactivity and remineralization of the tooth. The overall U.S. market for glass-ionomer filling materials is MUSD 40.

FUTURE OUTLOOK

The American clinics, which, in our judgement, are back at more than 70 percent of their full capacity already, are now extending their opening hours to compensate for the lower number of treatments per day. As a result of the pandemic, the clinics now have long waiting lines of patients. I believe Doxa will see further positive developments. Orders are starting to come in, and we are receiving more and more positive signals from our distributors that their sales are on the rise. We have made an active marketing plan together with them for the fall, and our local sales organization in the U.S. is now fully established. Bioactivity is currently in fashion, and with two new bioactive products to launch, it is my hope that we will be able to report a strong finish for 2020.



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 second quarter of 2020 amounted to MSEK 0.7 (4.2), heavily impacted by the ongoing COVID-19 pandemic and the lockdown of many parts of society in the United States that has followed.

The operating costs for the second quarter of the year amounted to MSEK 4.9 (6.1), which is a decrease by MSEK 1.2 compared with the corresponding period of the preceding year, of which MSEK 0.4 is attributable to implemented cost-saving measures. The remaining MSEK 0.8 is attributable to lower cost of goods sold, of which MSEK 0.3 derives from the dissolution of a guarantee reserve. A smaller increase of personnel costs compared with the corresponding period the previous year is mostly due to the recruitment of a marketing manager in the U.S., which was carried out in November 2019.

Operating profit for the second quarter amounted to MSEK -3.9 (-1.7) and the result after tax amounted to MSEK -4.1 (-1.8).

Financial position

The Group's cash and cash equivalents amounted to MSEK 7.7 (10.1) as of June 30, 2020. Equity amounted to MSEK 2.1 (16.4).

Cash flow

The Group's cash flow for the second quarter 2020 amounted to MSEK 1.1 (-6.3). Cash flow from financing activities amounted to MSEK 5.0 (-4.5). A second MSEK 5 tranche of the loan from Adma Förvaltnings AB was disbursed in June. The full amount of the loan is MSEK 10, and the first tranche of MSEK 5 was received in March.

THE PARENT COMPANY

Net sales and profit

The Parent Company's revenue for the second quarter 2020 amounted to MSEK 0.5 (0.5).

Result after tax for the second quarter 2020 amounted to MSEK -0.7 (-0.9).

Financial position

The Parent Company's cash and cash equivalents amounted to MSEK 3.5 (0.2) as of June 30, 2020, and the equity amounted to MSEK 31.1 (34.7).

Cash flow

The Parent Company's cash flow for the second quarter 2020 amounted to MSEK 0.6 (0.1). Cash flow from financing activities amounted to MSEK 5.0 (0.0).

PERSONNEL

The number of employees in the Group amounted to ten at the end of the second quarter 2020, corresponding 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 June 30, 2020, 77.5 percent of Doxa is owned by the following five shareholders:

Owner	Number of shares	Holding
Adma Förvaltnings AB	34,600,000	61.9%
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 general recommendations of the Swedish Accounting Standards board. The accounting policies are the same 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.

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Uppsala, July 23, 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:

Interim report Q3, 2020	October 20, 2020
Year-end report 2020	February 19, 2021

THE GROUP

CONSOLIDATED INCOME STATEMENT (MSEK)

	Apr - June 2020	Apr - June 2019	Jan - June 2020	Jan - June 2019	Jan - Dec 2019
Operating income					
Net sales incl. other operating income	0.7	4.2	4.1	8.9	19.4
Own work capitalized	0.3	0.2	0.6	0.4	0.7
Total income	1.0	4.4	4.7	9.3	20.1
Operating costs					
Cost of goods sold	0.2 ¹	-0.6	-0.2 ²	-1.9	-8.7
Advertising/marketing	-0.2	-0.4	-0.9	-1.0	-2.5
Personnel costs	-2.8	-2.6	-5.9	-5.1	-10.9
Fees for outside services	-0.7	-0.9	-1.5	-1.5	-2.9
Other costs	-1.2	-1.5	-2.7	-3.1	-5.6
Depreciation/amortization of tangible and intangible assets	-0.2	-0.1	-0.3	-0.3	-0.6
Total costs	-4.9	-6.1	-11.5	-12.9	-31.2
Operating profit	-3.9	-1.7	-6.8	-3.6	-11.1
Interest income and similar items	0.0	0.1	0.1	0.1	0.1
Interest costs	-0.1	-0.1	-0.1	-0.2	-0.2
Profit after financial items	-4.0	-1.7	-6.8	-3.7	-11.2
Tax on profit for the period	-0.1	-0.1	-0.1	-0.1	-0.1
Profit/loss for the period	-4.1	-1.8	-6.9	-3.8	-11.3

1) Includes dissolution of guarantee reserve of MSEK 0.3

2) Includes dissolution of guarantee reserve of MSEK 0.8

CONSOLIDATED BALANCE SHEET
(MSEK)

	30 June 2020	30 June 2019	31 Dec 2019
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development	3.2	2.8	2.9
Tangible fixed assets			
Equipment, tools, fixtures and fittings	0.3	0.2	0.1
Financial fixed assets			
Other long-term receivables	0.0	0.0	0.0
Total fixed assets	3.5	3.0	3.0
Current assets			
Inventories	3.2	3.7	2.8
Current receivables	1.1	2.2	5.2
Prepayments and accrued income	1.0	1.3	0.9
Cash and bank balances	7.7	10.1	4.7
Total current assets	13.0	17.3	13.6
TOTAL ASSETS	16.5	20.3	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	-222.8	-208.5	-216.0
Total equity	2.1	16.4	8.9
Provisions			
Warranty provisions	0.3	0.0	3.4
Long-term liabilities			
Liabilities to credit institutions	0.0	0.0	0.0
Current liabilities			
Borrowings	10.0 ¹	0.0	0.0
Accounts payable	0.9	2.0	2.0
Other liabilities	1.9	0.5	0.3
Accruals and deferred income	1.3	1.4	2.0
Total short-term liabilities	14.1	3.9	4.3
TOTAL EQUITY AND LIABILITIES	16.5	20.3	16.6

1) Loan from Adma Förvaltnings AB of MSEK 10

CONSOLIDATED CASH FLOW STATEMENT
(MSEK)

	Apr - June 2020	Apr - June 2019	Jan - June 2020	Jan - June 2019	Jan - Dec 2019
Operating activities					
Operating result	-3.9	-1.7	-6.8	-3.6	-11.1
Adjustments for items not included in cash flow	-0.1	0.2	-0.7	0.3	4.0
Income tax paid and net interest	-0.2	-0.1	-0.1	-0.2	-0.2
Cash flow from operating activities before changes in working capital	-4.2	-1.6	-7.6	-3.5	-7.3
Change in working capital	-0.5	0.0	0.1	-0.7	-2.0
Cash flow from operating activities	-4.7	-1.6	-7.5	-4.2	-9.3
Cash flow from investing activities	-0.5	-0.2	-0.8	-0.4	-0.7
Cash flow from financing activities	6.3 ^{1,2}	-4.5 ³	11.3	-5.0	-5.0
Cash flow for the period	1.1	-6.3	3.0	-9.6	-15.0
Cash and cash equivalents at the beginning of the period	6.6	16.4	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	7.7	10.1	7.7	10.1	4.7

- 1) In June 2020, a loan tranche disbursement of MSEK 5 was received from Adma Förvaltnings AB. The full amount of the loan is MSEK 10, of which MSEK 5 was received in March.
- 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			-6.9	-6.9
Translation differences			0.0	0.0
Closing balance equity on 2020-06-30	28.0	196.9	-222.8	2.1

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			-3.8	-3.8
Translation differences			0.0	0.0
Closing balance equity on 2019-06-30	28.0	196.9	-208.5	16.4

DATA PER SHARE (GROUP) (SEK)

	Apr - June 2020	Apr - June 2019	Jan - June 2020	Jan - June 2019	Jan - Dec 2019
Net earnings per share	-0.07	-0.03	-0.12	-0.07	-0.20
Equity per share	0.04	0.29	0.04	0.29	0.16
Solidity, %	12	81	12	81	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)

	Apr - June 2020	Apr - June 2019	Jan - June 2020	Jan - June 2019	Jan - Dec 2019
Operating income					
Net sales	0.5	0.5	1.0	1.1	2.0
Total income	0.5	0.5	1.0	1.1	2.0
Operating costs					
Advertising/marketing	0.0	0.0	0.0	0.0	-0.1
Personnel costs	-0.7	-0.6	-1.5	-1.3	-3.2
Fees for outside services	-0.1	-0.2	-0.2	-0.4	-0.7
Other costs	-0.3	-0.6	-0.8	-1.2	-1.8
Total costs	-1.1	-1.4	-2.5	-2.9	-5.8
Operating profit	-0.6	-0.9	-1.5	-1.8	-3.8
Interest costs	-0.1	0.0	-0.1	0.0	0.0
Profit from shares and participations in subsidiaries	0.0	0.0	0.0	0.0	0.0
Profit after financial items	-0.7	-0.9	-1.6	-1.8	-3.8
Tax on profit for the period	0.0	0.0	0.0	0.0	0.0
Profit/loss for the period	-0.7	-0.9	-1.6	-1.8	-3.8

PARENT COMPANY'S BALANCE SHEET
(MSEK)

	30 June 2020	30 June 2019	31 Dec 2019
ASSETS			
Financial fixed assets			
Shares and participations in subsidiaries	30.0	30.0	30.0
Receivables from Group companies	7.3	4.5	3.0
Other long-term receivables	0.0	0.0	0.0
Total fixed assets	37.3	34.5	33.0
Current assets			
Receivables from Group companies	1.1	0.5	0.5
Other receivables	0.2	0.1	0.1
Prepayments and accrued income	0.4	0.5	0.2
Cash and bank balances	3.5	0.2	0.1
Total current assets	5.2	1.3	0.9
TOTAL ASSETS	42.5	35.8	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	-1.6	-1.8	-3.8
Total non-restricted equity	-11.1	-7.5	-9.5
Total equity	31.1	34.7	32.7
Long-term liabilities	0.0	0.0	0.0
Current liabilities			
Borrowings	10.0 ¹	0.0	0.0
Accounts payable	0.1	0.3	0.1
Other liabilities	0.7	0.3	0.1
Liabilities to group companies	0.0	0.0	0.0
Accruals and deferred income	0.5	0.5	1.0
Total current liabilities	11.4	1.1	1.2
TOTAL EQUITY AND LIABILITIES	42.5	35.8	33.9

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

PARENT COMPANY'S CASH FLOW STATEMENT
(MSEK)

	Apr - June 2020	Apr - June 2019	Jan - June 2020	Jan - June 2019	Jan - Dec 2019
Operating activities					
Operating result	-0.6	-0.9	-1.5	-1.8	-3.8
Adjustments for items not included in cash flow	0.0	0.0	0.0	0.0	0.0
Net interest	-0.1	0.0	-0.1	0.0	0.0
Cash flow from operating activities before changes in working capital	-0.7	-0.9	-1.6	-1.8	-3.8
Change in working capital	-4.1	1.0	-5.4	1.8	3.7
Cash flow from operating activities	-4.8	0.1	-7.0	0.0	-0.1
Cash flow from investing activities	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	5.4 ^{1,2}	0.0	10.4	0.0	0.0
Cash flow for the period	0.6	0.1	3.4	0.0	-0.1
Cash and cash equivalents at the beginning of the period	2.9	0.1	0.1	0.2	0.2
Cash and cash equivalents at the end of the period	3.5	0.2	3.5	0.2	0.1

- 1) In June 2020, a loan tranche disbursement of MSEK 5 was received from Adma Förvaltnings AB. The full amount of the loan is MSEK 10, of which MSEK 5 was received in March.
- 2) 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.