



INTERIM REPORT

AS OF 30 SEPTEMBER 2017

PAXMAN AB (publ)

Q3

2017



Continued growth and market expansion in the third quarter of the year

The Group's sales amounted to 22.3 MSEK as of 30 September 2017, of which 8.3 MSEK refer to the third quarter of the year.

The Group's net loss totalled -1.8 MSEK as of 30 September 2017, of which -2.5 MSEK related to the third quarter of the year.

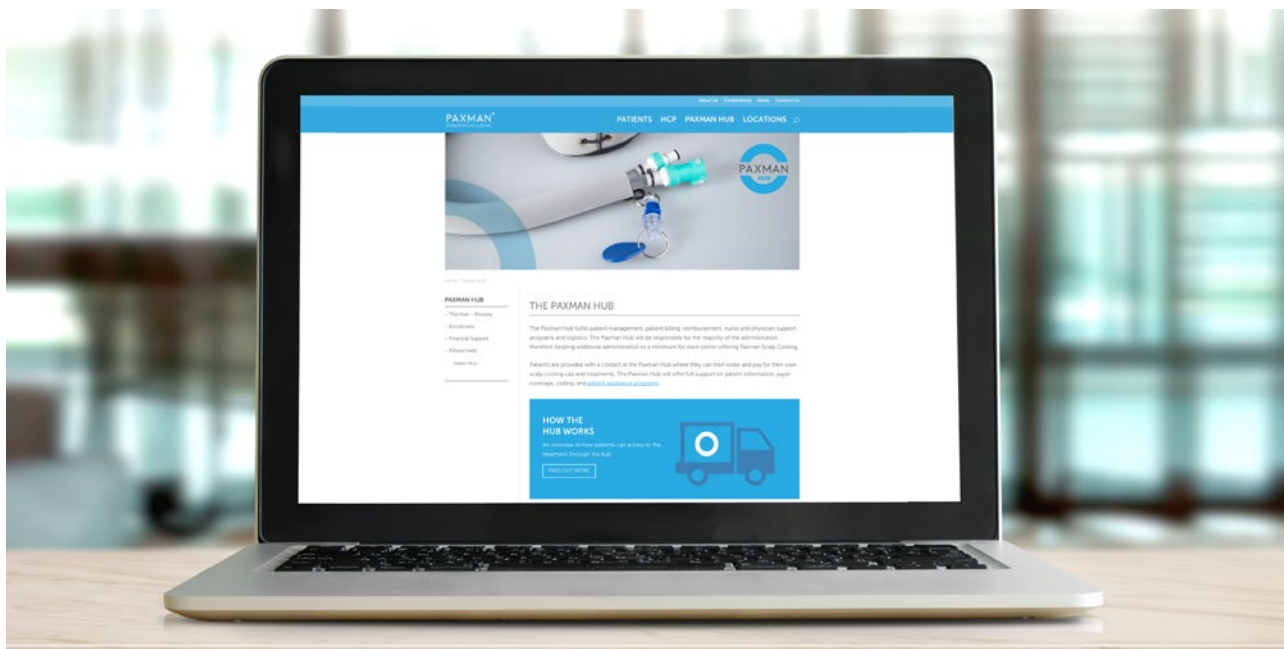
Earnings per share were -0.17 SEK.

Cash flow before financing activities was -15.3 MSEK, of which -9.6 MSEK in the third quarter of the year.

Total assets amounted to 62.7 MSEK on 30 September 2017.

Net liquid assets totalled 11.7 MSEK on 30 September 2017.

Equity to assets ratio was 81.1 % at the end of the reporting period.



Significant Events During The Reporting Period

In July, PAXMAN confirmed product approval in Argentina, by ANMAT - the Argentinian medical device market regulator. Following the clearance, PAXMAN appointed XEIKON DIAGNO S.A. as its licensed distributor in the territory.

In August, PAXMAN reached its half way point towards the goal set for its first year on the US market, as a total of 127 systems had then been ordered since the FDA clearance in April this year. The first systems were delivered in June, which means that PAXMAN reached half way towards its first year target of 250 systems in less than three months.

In August, PAXMAN also launched The PAXMAN Hub, covering everything from patient management, billing, reimbursement, nurse and physician support programmes and logistics.

In August as well, PAXMAN's USA focused website www.PaxmanUSA.com went live, actively supporting American citizens to maintain a degree of control through every step of their scalp cooling treatment.

Significant Events After The Reporting Period

In October, PAXMAN applied for FDA clearance for substantially wider use of its Scalp Cooling System, as a 510(k) premarket notification application was filed for the expanded use to reduce the likelihood of chemotherapy-induced hair loss in cancer patients with solid tumours.

In early November, PAXMAN announced new collaboration with Memorial Sloan Kettering Cancer Center, which means that patients being treated for breast cancer will get access to PAXMAN's scalp cooling systems at 10 MSK locations in the New York City area where a total of 34 systems will be installed. Deliveries will commence in December, with implementation beginning in January.

In early November PAXMAN also informed that the Group's value of tangible fixed assets in the US had been adjusted in the consolidated accounts as of 30 June 2017, to conform to a recommendation given by the Group auditor. The amendment referred exclusively to internal pricing in the PAXMAN Group and had no effects on cash flow in the period.

“In August, PAXMAN reached its half way point towards the goal set for the US market, as a total of 127 systems had then been ordered since the FDA clearance in April this year.”

Comments By The C.E.O.

So, it is already time to present our Quarter 3 results. How time flies and how our company is taking off!

PAXMAN has been going full throttle over the summer, which I believe is reflected in our Q3 report and continued strong order book, not only for the USA but also for the rest of the world. The PAXMAN team continues to grow not only in numbers but in strength and passion for the work we do around the world. We welcomed two new members to our international trade team in August and I am delighted to say they are already adding significant value, strengthening existing relationships and building new ones, ensuring we promote awareness and value in our overseas markets.

Five months following our FDA clearance I am very pleased that our investment into our supply chain, patient support services and personnel has paid off resulting in a solid infrastructure in the USA to prepare us for our growth plans. As of August the company had orders for 127 systems and I can confirm that we now have 180 systems in total installed and on order. To date we have successfully installed 81 systems in 44 locations covering 14 states. Our focus now turns to patient education and awareness, along with building strategic relationships with the nursing community. This should lead to greater adoption and educate patients to make a choice about scalp cooling. In addition to this there is a priority to work with the payers to ensure future reimbursement coverage.

We keep on steadily achieving our goals in terms of systems sold and installed around the World, continued investment into infrastructure, marketing, personnel and regulatory affairs, ultimately benefiting many patients. In particular, we continue to make significant investments into the US subsidiary, with expenditures into marketing, infrastructure, the PAXMAN Hub and increased personnel. Our UK subsidiary is profitable and performance is strong, providing the support for our early stage start up subsidiary in the US where our intensive investment is yet to realise a profit affecting our overall Group position.

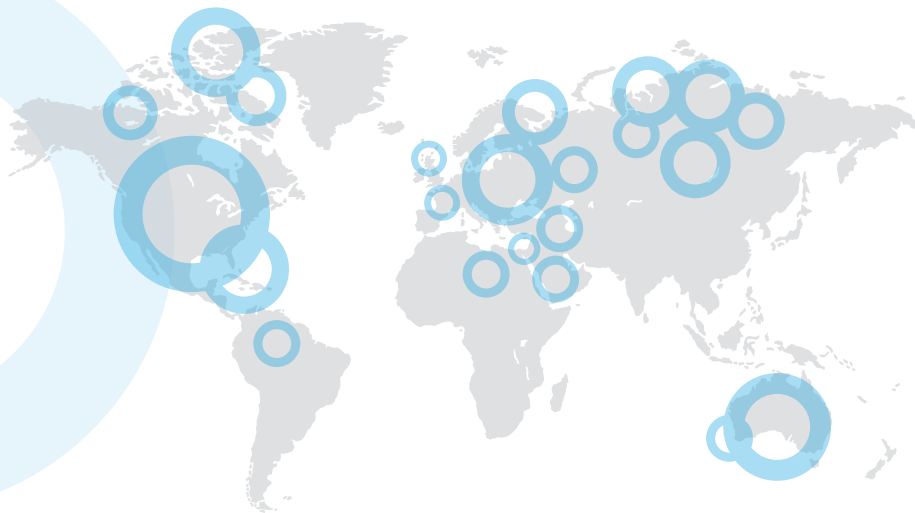
Speaking of the US, I was delighted to hear the news that PAXMAN and scalp cooling had been awarded one of the top 10 innovations of 2017 at the Cleveland Clinic Summit this year – a proud moment. The list of up-and-coming technologies was selected by a panel of Cleveland Clinic physicians and scientists and was announced at the end of October at a presentation at the 2017 Medical Innovation Summit.

The continued hard work and dedication of the whole team ensure our core values are always maintained and the patient is consistently at the centre of all we do, wherever in the world.

Yours sincerely,

Richard Paxman
Chief Executive Officer





Market Developments

BUSINESS MODELS

Our first six months of trading saw the installation and sale of 119 scalp cooling systems throughout 16 countries. 80% of the scalp coolers were sold directly into the UK or France or through our distributors, using a basic capital equipment sales approach providing a 70% gross profit margin. Just over 20% were installed in the US market where we operate a pay per patient business model. In our third quarter PAXMAN installed and sold a further 101 scalp coolers into 16 countries, of which 45 were installed in the USA. A total of 220 systems sold and installed in 25 markets for the 9 month period period generated external sales of 21.6 MSEK for the UK subsidiary and first revenue generation of 700 TSEK for the US subsidiary.

The strength of the business in the UK and rest of the World generates strong operating profits allowing continued investment into the US subsidiary during its infancy and early stages of revenue generation.

GROWTH IN THE US

Our major focus remains the USA. With a fully operational infrastructure including the Paxman Hub, our HQ in Houston and a fully trained team, the company is well positioned to fulfil the growing demand and exploit our business potential. Revenues in the USA to date are minimal but will gain traction as installations increase. From point of order, delivery, and full implementation including the PAXMAN training programme, the lead time for a first patient to enrol is estimated at two months. At the end of October we had installed over 81 scalp cooling systems in 44 locations in the United States. In addition, PAXMAN US has equipment orders for a further 99 systems in 40 locations.

PROGRESS IN REST OF THE WORLD

Our new International trade team has been busy with multiple overseas visits. October saw the successful launch of PAXMAN in Hong Kong in conjunction with the Hong Kong Breast Cancer Foundation. We will initiate an observational study at the National University of Singapore in November, and December will see the launch of PAXMAN in Argentina. International activity remains strong which is proven by equipment due for delivery to Australia, Brazil, France, Ireland, Italy, Japan, Poland, Sweden, Switzerland, Taiwan and the Netherlands.

MARKETING ACTIVITIES

The international oncology conference circuit remains a key marketing channel for PAXMAN, enhancing existing relationships with international key opinion leaders as well as building new ones. In addition this provides a great platform for oncology professionals to present the latest in clinical research through our growing collaborations. October saw a successful show at the European Society of Medical Oncology (ESMO) in Madrid. By the end of the year we will also have exhibited at UKONS in the UK, the Indian Cancer Congress, COSA in Sydney and San Antonio Breast Cancer Symposium in the USA, building on our brand recognition and scalp cooling awareness and providing strong sales leads for our growing distribution network.

Systems sold and installed in the first nine months of 2017...

220

USA	72		
Great Britain	40		
Australia	11		
Netherlands	12		
Brazil	15		
France	9		
Germany	10		
Italy	5		
Ireland	8		
Hong Kong	5		
Japan	5		
Russia	4		
Thailand	4		
India	3		
Austria	3		
Spain	3		
Switzerland	2		
Sweden	1		
Lithuania	2		
Poland	2		
Cyprus	1		
Hungary	1		
Lebanon	1		
Portugal	1		
Kuwait	1		
TOTAL	220		

"Of these 220 systems, 101 were installed in the third quarter of the year."

Confirmed orders after the reporting period...

179

USA	108
Australia	23
Netherlands	13
Brazil	1
France	1
Italy	5
Ireland	1
Japan	15
Switzerland	1
Sweden	1
Poland	2
Taiwan	4
Vietnam	2
Canada	2
TOTAL	179

* US systems installed on a pay-per-patient basis.

Comments To The Financial Statements

COMPARATIVE FIGURES

The parent company, PAXMAN AB (publ), was established in late 2016. The Group was formed on 10 February 2017, when all shares of Paxman Group Ltd were transferred to PAXMAN AB (publ) in connection with a new share issue directed to the former shareholders of Paxman Group Ltd. The new shares were paid by way of a contribution of non-cash consideration comprising all 22,000 shares in Paxman Group Ltd. There are thus no comparative figures to report for the corresponding period in 2016, as the Group did not exist at that time.

SALES AND EARNINGS

July – September 2017

Net sales amounted to 8,291 TSEK in the third quarter of 2017. Operating loss totalled -2,459 TSEK, net financial items -44 TSEK and net loss -2,503 TSEK. Q3 earnings were affected by sizeable costs for the ongoing market launch in the US.

January – September 2017

Net sales amounted to 22,285 TSEK in the first nine months of 2017. Operating loss totalled -1,634 TSEK, net financial items -197 TSEK and net loss -1,831 TSEK.

CASH FLOW

July – September 2017

In the third quarter of the year, cash flow from operating activities amounted to -7,008 TSEK. Cash flow from investing activities amounted to -2,577 TSEK, mainly attributable to fixed assets. Cash flow from financing activities totalled 727 TSEK, attributable to a bank overdraft facility in the UK. Total cash flow for the period July to September amounted to -8,858 TSEK.

January – September 2017

In the first nine months of the year, cash flow from operating activities amounted to -9,612 TSEK. Cash flow from investing activities amounted to -5,672 TSEK, mainly attributable to fixed assets. Cash flow from financing activities totalled 30,377 TSEK, of which

26,996 TSEK attributable to the issue of new shares and the remaining amount to the bank overdraft facility in the UK. Total cash flow for the period January to September amounted to 15,093 TSEK.

FINANCIAL POSITION

The Group's total liabilities amounted to 11,851 TSEK on 30 September 2017, of which 3,395 TSEK interest bearing. The Group's net liquid assets on 30 September 2017 amounted to 11,748 TSEK, of which 15,143 TSEK were cash and cash equivalents. The Group's shareholders' equity amounted to 50,875 TSEK on 30 September 2017, and its equity ratio was 81.1%.

EMPLOYEES

As of 30 September 2017, the Group had a total of 33 employees, of whom 1 employed by the parent company PAXMAN AB, 27 by Paxman Coolers Ltd and 5 by Paxman US, Inc.

PARENT COMPANY

PAXMAN AB (publ) is the parent company of the PAXMAN Group. Its operations include Group functions such as finance, legal and communications. The parent company has its headquarters in Karlshamn, in the south of Sweden. PAXMAN AB (publ) was established in late 2016, and its first accounting year comprises the period from 7 October 2016 to 31 December 2017.

ACCOUNTING PRINCIPLES

PAXMAN AB (publ) applies the accounting principles of BFNAR 2012:1 (K3), which will also be the accounting and reporting principles used in the upcoming annual report.

This interim report has not been formally reviewed by the Group auditor.

AFFIRMATION

PAXMAN AB (publ)'s Board of Directors and C.E.O. hereby assure that this interim report gives a true and fair view of the Group's operations, financial position and performance, and describes the essential risks and uncertainties the Group may encounter.

Karlshamn, 23 November 2017

PAXMAN AB (publ)

Per-Anders Johansson	Chairman of the Board
Robert Kelly	Director of the Board
Björn Littorin	Director of the Board
Glenn Paxman	Director of the Board
Richard Paxman	C.E.O. and
	Director of the Board
Maria Öhlander	Director of the Board

For further information, please contact
Richard Paxman, C.E.O., PAXMAN AB (publ)
Tel +44 7968 020641
Richard@paxmanscalpcooling.com

This is information that PAXMAN AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 CET on 24 November 2017.



Consolidated Income Statement (Condensed)

KSEK	Jul – Sep 2017	Jan – Sep 2017
Net sales	8,291	22,285
Capitalized expenses	1,782	3,262
Total operating income	10,073	25,547
Raw materials and consumables	-1,973	-6,803
Other operating expenses	-6,539	-12,210
Personnel costs	-3,181	-7,295
Depreciation	-839	-873
Total operating costs	-12,532	-27,181
Operating profit/loss	-2,459	-1,634
<i>Operating margin</i>	<i>Neg</i>	<i>Neg</i>
Net financial items	-44	-197
Profit/loss after net financial items	-2,503	-1,831
Tax	-	-
Net profit/loss for the period	-2,503	-1,831

Consolidated Balance Sheet (Condensed)

KSEK	30 Sep 2017
Assets	
Intangible fixed assets	12,777
Tangible fixed assets	5,496
Financial fixed assets	94
Total fixed assets	18,367
Inventories	7,154
Current receivables	22,062
Cash and bank balances	15,143
Total current assets	44,359
Total assets	62,726
Equity and liabilities	
Shareholders' equity	50,875
Interest-bearing liabilities	3,395
Provisions and other liabilities	-
Non-current liabilities	3,395
Accounts payable	4,894
Other liabilities	3,562
Current liabilities	8,456
Total equity and liabilities	62,726

Consolidated Statement Of Cash Flows (Condensed)

KSEK	Jul – Sep 2017	Jan – Sep 2017
Cash flow from operating activities	-7,008	-9,612
Cash flow from investing activities	-2,577	-5,672
Cash flow from financing activities	727	30,377
Cash flow for the period	-8,858	15,093
Cash and cash equivalents, opening balance	24,001	50
Cash and cash equivalents, closing balance	15,143	15,143

Consolidated Changes In Equity (Condensed)

KSEK	30 Sep 2017
Opening balance as at 1 January	50
New share issues	55,944
Issue expenses	-3,132
Translation gains/losses on consolidation	-156
Loss for the period	-1,831
Closing balance	50,875

In the period to 30 September 2017, PAXMAN AB (publ) has made two new share issues. In February, 12,760,000 new shares were issued and paid by way of contribution of non-cash consideration comprising all issued shares in Paxman Group Ltd. Paxman Group Ltd thereby became a fully owned subsidiary of PAXMAN AB. In May/June, 3,202,500

new shares were issued in connection with PAXMAN's listing on Nasdaq First North. All in all, a total number of 15,962,500 shares were thus issued in the period to 30 September, resulting in a total share capital increase of 15,962,500 SEK. The only share issue that affected the Group's cash flow was the one undertaken in connection with the listing.

Key Ratios

	Jul – Sep 2017	Jan – Sep 2017
Operating margin, %	Neg	Neg
Equity/assets ratio, %	81.1	81.1
Liquid assets, net (KSEK)	11,748	11,748
Market capitalization (KSEK)	278,618	278,618

Parent Company Income Statement (Condensed)

KSEK	Jul – Sep 2017	Jan – Sep 2017
Other operating income	-	-
Total operating income	-	-
Other external costs	-181	-549
Personnel costs	-167	-742
Total operating costs	-348	-1,291
Operating profit/loss	-348	-1,291
<i>Operating margin</i>	-	-
Net financial items	42	-1
Profit/loss after net financial items	-306	-1,291
Tax	-	-
Net profit/loss for the period	-306	-1,291

Parent Company Balance Sheet (Condensed)

KSEK	30 Sep 2017
Assets	
Investments in Group companies	25,520
Total fixed assets	25,520
Receivables from Group companies	12,057
Other current receivables	240
Cash and bank balances	14,115
Total current assets	26,412
Total assets	51,932
Equity and liabilities	
Shareholders' equity	51,626
Other current liabilities	77
Accrued costs and prepaid income	229
Total current liabilities	306
Total equity and liabilities	51,932

Data Per Share

KSEK	Jul – Sep 2017	Jan – Sep 2017
Earnings per share, SEK	-0.16	-0.17
Equity per share, SEK	3.18	3.18
Cash flow from operating activities per share, SEK	-0.44	-0.92
Share price on 30 September 2017, SEK	1740	1740
Number of shares on 30 September 2017	16,012,500	16,012,500
Number of shares, weighted average in the period	16,012,500	10,489,313

Earnings and cash flow per share are based on the weighted average number of shares in the period. Equity per share is based on the total number of issued shares on balance sheet day. The company

has no outstanding convertible debentures, corporate warrants or suchlike, and there are thus no dilution effects to report.

Other Information

ABOUT PAXMAN

The Paxman Scalp Cooling system has been developed by the Paxman family to reduce hair loss in breast cancer patients undergoing chemotherapy. The concept behind the pioneering system came when the mother of four, Sue Paxman, experienced first-hand the trauma of chemotherapy-induced hair loss. Having witnessed the deficiency of the scalp-cooling systems available at that time, Glenn Paxman founded the company and launched the first liquid-cooled system that enables effective scalp cooling back in 1996.

With its nearly 3,000 delivered systems to over 30 countries, PAXMAN has since established itself as the leading player in scalp cooling. Today scalp cooling is a fully established therapy in PAXMAN's domestic market, the UK, as well in Scandinavia, the Netherlands, Belgium, Australia and a number of

other countries. A key market for PAXMAN is the US, where the company obtained market clearance for its scalp cooling system in April this year.

Based on 25 years of scalp cooling in connection with chemotherapy, PAXMAN has created a scalp-cooling system that is clinically proven, cost-effective and well-received by doctors, nurses and patients. The Paxman Scalp Cooler is an autonomous, mobile, electrical and liquid-based cooling system whereby the patient's scalp is cooled through a cold cap. In turn, the cold cap is cooled by a coolant that circulates between the cooling unit and the cap. Each cooling unit has an integrated touch screen with a menu-controlled, graphic user interface that makes it easy for healthcare staff to initiate, monitor and end the scalp-cooling process. PAXMAN's scalp-cooling cap is made from lightweight, biocompatible silicone that is soft and flexible, providing a snug yet comfortable fit during treatment.

VISIONS, GOALS AND AMBITIONS

As a global business with family roots, PAXMAN is bound by a set of three core values that shape the way we do things: Passionate, Precise, Personal. PAXMAN's vision is to improve the efficacy of scalp cooling for all patients across the world. We are committed to giving patients a degree of control during chemotherapy treatment. We have made it our responsibility to offer advice, support and access to scalp cooling for cancer patients no matter where they are based in the world. Having been through the same journey as many patients and their families, we are dedicated to empowering people by giving them the choice to keep their hair.

There are studies showing that the risk of hair loss results in 8% of all affected patients opting out of chemotherapy. It is PAXMAN's ambition to reduce this figure.

Today, scalp cooling reduces the risk of hair loss to 50%. PAXMAN's ambition is also to reduce this risk to 20%, through further research and development.

PAXMAN's goal is for the Paxman Scalp Cooler to be the obvious choice in connection with chemotherapy, worldwide. The company's quantified target is for sales to exceed 50 MSEK in 2018, and thereafter to grow by at least 25% annually. A specific target for the US market is to deliver at least 250 systems to the US market in the twelve-month period following the FDA clearance in April 2017.

PAXMAN's important collaboration with the non-profit HairToStay upholds the vision to empower people to have the choice to keep their hair during cancer treatment and extends this to those who are unable to afford scalp cooling. HairToStay is the only national non-profit subsidizing scalp cooling for patients in the US. A subsidy can be applied for to help them access Paxman scalp cooling treatment at their local centre by contacting the Paxman Hub whereby a case manager will guide them through the eligibility process.

Visit www.hairtostay.org



PROSPECTS

Although PAXMAN has delivered scalp cooling systems to a large number of countries, scalp cooling is yet to enjoy a broad breakthrough on most markets. This creates a considerable growth opportunity for the company, all over the world. A key market for PAXMAN is of course the US where the company is in the launch phase, but has already established important business relations that will enable rapid rollout of the company's systems to cancer clinics all over the US.

Thanks to these international opportunities, in combination with PAXMAN's strong current position in the UK and a number of other countries, the company considers itself well positioned for strong growth. This growth is, of course, also expected to result in increased profitability.



RISKS AND UNCERTAINTIES

PAXMAN's operations are exposed to the following major risks:

- IPR – Most of PAXMAN's IPR are protected by patents or similar rights. Nevertheless, there will always be a risk of competitors trying to copy PAXMAN's technology.
- Human resources – PAXMAN is a small-scale company, with a limited number of employees. A number of those, along with board members and other key resources, are essential for the continued development of PAXMAN.
- Partnerships – On a number of geographical markets PAXMAN has partnered with distributors or agents. Such partnerships are vital for PAXMAN's sales and distribution, but may be difficult to replace without affecting business operations and earnings.
- Product quality – Should PAXMAN's systems fail to fulfil requirements from patients, health care providers and other counterparts, this could have negative effects on demand for the company's products.
- Competitors – PAXMAN operates on a global market, and there is always a risk for new market actors with considerable stronger resources than the ones of PAXMAN.
- Developments in the health care market – New drugs or treatment methods may limit demand for PAXMAN's products and services.
- Market acceptance – PAXMAN manufactures products developed for cancer patients in connection with chemotherapy. The health care market may sometimes be a conservative one, where it takes a long time for new drugs or treatment methods to gain acceptance.

THE SHARE

The PAXMAN share is listed on Nasdaq First North since 12 June 2017. The share's trading name is PAX, its ISIN code SE0009806284 and its LEI code 549300OT2V7Q4IDX8X68. The share capital in the company amounts to SEK 16,012,500 split on 16,012,500 shares, each with a quota value of SEK 1. PAXMAN has only one class of shares.

OWNERSHIP STRUCTURE

A list of PAXMAN's 15 largest shareholders is available on www.paxman.se and is updated at the end of each quarter. As of 30 September 2017, the 15 largest shareholders held 89.4 % of all issued shares. On 30 September, PAXMAN had a total of 531 individual shareholders.

ANNUAL GENERAL MEETING 2018

The first AGM of PAXMAN AB (publ) will be held in Karlshamn, Sweden, on 24 May 2018 at 15.00 hours. The AGM will be held in premises adjacent to the company's head office at Pirgatan 13.

NOMINATION COMMITTEE

The Nomination Committee of PAXMAN has the following three members:

- Glenn Paxman, majority shareholder, appointed by and representing the Board of Directors
- Jens Listerö, appointed by and representing Björn Littorin
- Roger Johansson, appointed by and representing CIMON Venture Trust AB.

Their contact details, as well as full guidelines for their appointment and responsibilities, are available on www.paxman.se

CORPORATE INFORMATION

PAXMAN AB (publ), corporate identity number 559079-3898, has its statutory seat in Karlshamn, Sweden, at Pirgatan 13, SE-374 35 KARLSHAMN. Production and sales are carried out by the UK subsidiary Paxman Coolers Ltd, International House, Penistone Road, Fenay Bridge, HD8 0LE Huddersfield, United Kingdom.

The Group also has a subsidiary in the US; Paxman US, Inc, based in Houston, Texas. Paxman Coolers Ltd and Paxman US, Inc are both wholly owned subsidiaries of Paxman Group Ltd, in its turn a fully owned subsidiary of PAXMAN AB (publ).

E-mail: info@paxmanscalpcooling.com
www.paxmanscalpcooling.com
www.paxman.se
www.paxmanUSA.com

PAXMAN AB (publ) has appointed FNCA Sweden AB its Certified Adviser.

FINANCIAL CALENDAR

Summarized financial statements as of 31 December 2017
Annual report as of 31 December 2017
Interim report as of 31 March 2018
Interim report as of 30 June 2018

27 February 2018
25 April 2018
24 May 2018
30 August 2018

PAXMAN's interim reports and the most recent annual reports published by the UK subsidiaries are available on www.paxman.se.





Chasing Zero Hair Loss During Chemotherapy.