

PAXMAN®
PIONEERS IN SCALP COOLING



2017
Annual report





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2017





Summary of the year

Strong global expansion with focus on the USA

During 2017, PAXMAN consolidated its position as the undisputed global market leader in scalp cooling in connection with chemotherapy treatment.

In addition to a continued strong growth in Europe, Asia, Australia and South America, the North American market became a lot more accessible for the company after receiving FDA clearance in the USA in April.

The expansion in the USA, with a new business model that generates ongoing revenue to PAXMAN based on every sold scalp cooling cap and each treatment, has so far been very successful. The company's scalp coolers are now offered at every top five-ranked cancer center in the country.

To maintain its strong expansion rate, PAXMAN was listed at Nasdaq First North in June. In preparation for the listing, an oversubscribed share issue of approximately SEK 30.4 million was conducted. The share price has reflected the company's strong progression in 2017 and risen by almost 100 percent until the end of the year.

Selected events in 2017

- On April 19, PAXMAN received FDA clearance for its scalp cooling system in the USA. The company's application was based on the first-ever randomized clinical trial to evaluate a scalp cooling system.
- On May 29 it was announced that the company's share issue of approximately SEK 30.4 million was subscribed to approx. 200 percent. PAXMAN also received more than 400 new shareholders. The company was then listed with June 12 as the first day of trading.
- On June 8, PAXMAN received the first confirmed order in the USA for scalp cooling systems to seven of Rocky Mountains' cancer clinics in Denver, Colorado.
- On June 15, PAXMAN announced its largest single order so far as Texas Oncology, a part of US Oncology, decided to install PAXMAN's scalp cooling in 20 of their more than 175 clinics in Texas.
- In August PAXMAN announced that the company had already reached half of its initial goal to install or receive confirmed orders of 250 systems in the USA in the first twelve months following the FDA clearance.
- In November, PAXMAN initiated a collaboration with Memorial Sloan Kettering Cancer Center including delivery of 34 scalp cooling systems to 10 MSK clinics in the New York area.

Summary of the year

- The Group's turnover amounted to SEK 31.3 million.
- The net loss amounted to SEK -6.7 million.
- Earnings per share amounted to SEK -0.56.
- Cash-flow before financial items amounted to SEK -18.7 million.
- Total assets amounted to SEK 46 million at the end of the period.
- Net cash balance amounted to SEK 5.6 million at the end of the period.
- Equity to assets ratio was 71.8 % at the end of the period.

Sold and installed systems in 2017

- Sold and installed in the USA: 119 systems
- Sold and installed globally: 316 systems



SUMMARY OF THE YEAR

Sold and installed systems in 2017

316

USA	119*
Great Britain	38
Australia	23
Netherlands	27
Japan	10
Brasil	18
France	11
Germany	10
Italy	10
Ireland	9
Hongkong	5
Thailand	4
Poland	4
Russia	4
Austria	3
Switzerland	3
India	3
Spain	3
Argentina	2
Sweden	1
Lithuania	2
TOTAL	316



Confirmed orders so far in 2018

254

USA	142*
Great Britain	15
Australia	22
Netherlands	14
Japan	17
Brasil	9
France	6
Italy	8
Poland	6
Canada	2
Singapore	2
Argentina	5
Vietnam	1
Turkey	2
UAE	5
TOTAL	254

6

* In the USA the compensation is per treated patient.

Sold and installed systems in the USA in 2017



Confirmed orders in the USA so far in 2018

Top five ranked cancer centers that offer PAXMAN are located in states marked in dark grey.





A comment from the CEO Richard Paxman

2017 was the most successful year in PAXMAN's history so far, and our strong development could be seen on many levels in the company's operations.

Perhaps most noticeable was our rapid establishment in the USA following the FDA clearance in April. Already in August we were able to announce that we had achieved half of our goal of 250 sold or installed systems within 12 months following the FDA clearance, after which we continued to sign agreements with several prominent cancer centers. After the end of the year we were able to announce that PAXMAN delivers scalp cooling systems to all of the five highest ranked cancer centers in the USA, which is an incredible achievement in itself, and a clear indication that the global market for scalp cooling is now opening up on a large scale.

The key to our strong development is hard work through the entire process from research and development to production, installation and service – and always with the patients' well-being as our top priority. Our commitment and the will to always do our utmost is something that our customers often mention as an important reason for choosing PAXMAN, and this makes us a stable and reliable partner that is easy to collaborate with.

Another important factor for success is financial stability, and the company made important progress in this area as well in 2017. With the oversubscribed share issue of SEK 30.4 million in preparation for our listing on Nasdaq First North in June, as well as a confirmed SEK 10 million line of credit shortly after the end of the period, we have the strength needed to achieve a positive cash flow without any additional capital injections.

This goal can now be achieved while we at the same time we double up on our efforts to promote PAXMAN's new business model in which we provide the cooling system, installation and service and the patients pay for their personal scalp cooling cap and each treatment. This business model facilitates the decision process for the clinics while we build a solid foundation for our business operations.

Following this strong consolidation of the company in 2017, without scaling down our expansion phase, we are looking forward with excitement to the rest of 2018. There are still a large number of cancer centers and hospitals to include in Europe, Asia, Australia and South America based on our current market approvals, and in the USA we expect to receive an expanded FDA clearance for all solid tumors that will instantly multiply our addressable market in the country. In addition to this, we will intensify our efforts in Mexico with our partner Teva now that the market approval is in place, and in Japan which is a key market in Asia.

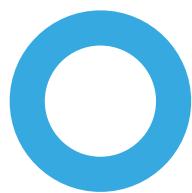
Once again, I would like to thank all shareholders that have supported us through the year. I also hope that you want to continue to build a strong company, that can improve the quality of life for cancer patients all over the world, together with us. They are truly worth it!

Richard Paxman
CEO PAXMAN AB (publ)

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The key to our strong development is hard work through the entire process from research and development to production, installation and service – and always with the patients' well-being as our top priority.

Richard Paxman, CEO



About the company

PAXMAN's history 1996 – 2017

1996

- PAXMAN is founded by **Glenn Paxman** and the first scalp cooler launched after many years of research and development
- The company's first system is installed at **Huddersfield Royal Infirmary**

1999

- Systems are installed in **Norway** as the first country outside of **Great Britain**
- **CIMON Venture Trust AB** based in **Karlshamn, Sweden**, invests in PAXMAN

2000

- The company meets the regulatory guidelines in **Great Britain** in compliance with **ISO 9001:2008**
- **International launch** with installations in **Ireland, Netherlands, Australia, Sweden, Switzerland and Egypt**

2003

- The **first clinical trial** is conducted with PAXMAN's system

2006

- PAXMAN reaches **500** installed systems

2012

- PAXMAN reaches **1 000** installed systems



2013

Richard Paxman is appointed as **PAXMAN's CEO**

2014

PAXMAN initiates **the world's first randomized multicenter study** in the USA



2015

The company initiates **clinical studies** with **five leading cancer centers** in **Japan**

PAXMAN reaches **2,000** installed systems

2016

PAXMAN **randomized multicenter study** in the USA is completed and shows **good results**

2017

The company obtains **FDA clearance** in the USA

PAXMAN AB (publ) is listed at **Nasdaq First North**

A large number of systems are installed in the USA with the goal to reach 250 systems in the country within 12 months following the FDA clearance. New installs include prominent cancer centers such as **Texas Oncology** and **Memorial Sloan Kettering**

PAXMAN obtains market approval in **Taiwan**

The company obtains market approval in **Argentina**

PAXMAN applies for an **expanded FDA clearance** in the USA that includes all solid tumors





Market leading scalp cooling

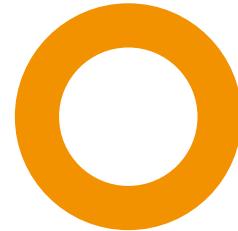
– based on personal experience

PAXMAN develops and offers the market leading PAXMAN Scalp Cooling System that is used to minimize hair loss in connection with chemotherapy treatment. Presently, the system is available at a large number of cancer centers and in Europe, North- and South America, Asia and Australia. More installs are added continuously.

PAXMAN was founded as a family business by Glenn Paxman following his wife Sue Paxman's hair loss in connection with chemotherapy treatment for cancer. Glenn realized that there were shortcomings in the existing methods for scalp cooling and developed a liquid-based system together with his brother.

Today, their son Richard Paxman is the CEO of PAXMAN, and their daughter Claire Paxman is also involved in the company. Their understanding of how minimized hair loss and an increased sense of control can help patients get through a chemotherapy treatment in the best way possible, and the vision to make this technology available for all cancer patients in the world, is reflected in all of PAXMAN's business operations.

PAXMAN AB (publ): Great Britain, Sweden and the world



PAXMAN was founded by Glenn Paxman in Great Britain in 1996, and of the close to 3 000 systems that have been installed globally around 1 500 can be found in the country. The company also has a strong connection to Sweden as the CIMON group, an investment company with approx. SEK 500 million in annual turnover that contributes actively to the development of a number of innovation companies, entered as a major owner as early as 1999.

Since then, PAXMAN has invested heavily in research and development of the product, and thereafter also on a parallel and focused global expansion. The company has conducted several successful clinical studies with leading clinics and cancer centers all over the world, including the world's first randomized multicenter study

with a scalp cooling system. The results from these studies has formed the basis of market approvals in Europe, the USA and Australia as well as on additional markets in South America and Asia.

In 2017, PAXMAN chose to accelerate its global expansion by conducting an oversubscribed share issue of SEK 30.4 million in preparation for a listing on Nasdaq First North. The company's long-term goal for the listing is to reach the main listing on Nasdaq Stockholm. A secondary listing in the USA, or another important market, can also become relevant going forward even though no decisions in this direction have been made so far.





Attractive business model creates recurring revenues

PAXMAN has in recent years progressed from primarily offering scalp cooling equipment to currently offering ongoing, complete service-based solutions for scalp cooling. This means that PAXMAN provides the installation, education and service, and in exchange the company receives a fixed fee from the patients per sold personal cooling cap and per treatment. The health care provider, usually a cancer center or a hospital, benefits from this model by being able to offer an attractive service to its patients without having to make substantial initial investments.

This new business model has proved to facilitate faster and more frequent decisions to implement scalp cooling while at the same time creating a stable, long-term cash flow that can be used for further global expansion and other value-creating activities. This new model is already in full use in the USA, and it is also prioritized when adding new installations globally.

In Europe, the majority of the company's installations are still based on an earlier version of the cooling system with reusable cooling caps. However, PAXMAN's ambition is to convert the majority of these customers to the new business model during normal upgrades of their systems, which usually takes place after 8-10 years.

Global expansion by the company and with license partners

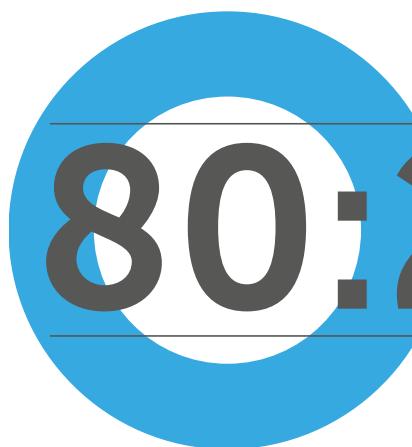
PAXMAN has so far established the company on its own in Europe, the USA and Australia as well as in specific markets in South America and Asia. The successful launch in the USA with the company's new business model has at the same time made it possible to also work with already established, local partners on new markets with a similar but license-based business model.

The usage of license partners in new markets comes with several benefits for PAXMAN. The company can select prominent influencers with a strong client and distribution network, and the license partner will assume the costs for marketing and sales. Thus, PAXMAN can substantially increase its global expansion rate in a very time and cost-efficient way.

The company's first license agreement was signed just after the end of the year with the global pharmaceutical company Teva Pharmaceutical Industries Ltd regarding the Mexican market. Teva is already well-established on the oncology market in Mexico and several additional growth markets and is therefore deemed to be an excellent license partner for PAXMAN. A market approval in Mexico was received in Q2 2018, and the official market launch is expected later in the quarter. The initial activities in Mexico will also form the basis of a decision of potentially including additional markets in the collaboration with Teva, and PAXMAN is also evaluating potential collaborations with additional license partners.

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Thus, PAXMAN can substantially increase its global expansion rate in a very time and cost-efficient way.



80:20/2020

CHASING ZERO HAIR LOSS DURING CHEMOTHERAPY

PAXMAN's vision: reduce the risk of hair loss to 20 percent by 2020

At present, many cancer patients around the world can keep their hair thanks to scalp cooling from PAXMAN. But the company's vision goes a lot further.

Under the slogan "CHASING ZERO HAIR LOSS", PAXMAN is aiming towards a world where all cancer patients are offered scalp cooling during chemotherapy treatment, and where PAXMAN is the obvious choice to minimize the risk of hair loss. Today, scalp cooling reduces the risk of hair loss during chemotherapy treatment to 50 percent on average, across a wide range of chemotherapy regimens, and the company's ambition is to reach 20 percent by 2020 using continued research and development.

Conducted studies also show that the risk of hair loss makes as much as eight percent of all patients that are offered chemotherapy decline the treatment. If PAXMAN can contribute to a substantial increase in patients that keep their hair, this number for cancelled treatments is expected to decline at a corresponding rate.

PAXMAN's collaboration with the non-profit organization HairToStay is an important part in the effort to become available to all cancer patients. HairToStay give financial support to patients in the USA that do not have the funds to pay for their own scalp cooling, and it is presently the only non-profit organization that is offering this option.

See www.hairtostay.org for more information.

50/50

80/20

2017

2018

2019

2020

2021

Today, scalp cooling reduces the risk of hair loss during chemotherapy treatment to 50 percent on average, across a wide range of chemotherapy regimens, and the company's ambition is to reach 20 percent by 2020 using continued research and development.

The **PAXMAN** Scalp Cooling System

PAXMAN's most effective and personal scalp cooling ever

PAXMAN has developed its scalp cooling system for several decades with significant progress as a result. In 2011, a new phase was initiated in this never-ending process in the form of a research collaboration with the University of Huddersfield in Great Britain. This collaboration made it possible to combine PAXMAN's experience and innovative ability with leading research on how hair follicles are affected by chemotherapy and scalp cooling.

This collaborative research found that more efficient cooling and cooling caps with a better fit, that can transport the cold to the hair follicles in an optimal way, were two areas that could be improved. This insight paved the way for the latest version of the PAXMAN Scalp Cooling System with a more powerful cooling unit and personal cooling caps made in silicone. The cooling caps are manufactured in several sizes to ensure a great fit for patients of all ages.

Clinical studies with the new system have shown good results, and the successful launch in the USA in 2017 clearly shows that the product works equally well in practice.

In addition to providing PAXMAN's best scalp cooling ever, the new system and single patient use cooling caps are much appreciated by the patients and healthcare providers. Using a single patient use cooling cap provides comfort for the patients as they can practice cap fitting at home, and also ensuring good hygiene can be maintained in an efficient way. This has been very welcomed by many of our users throughout the US and provides a key differentiator.



The **future** of scalp cooling



PAXMAN and the research teams at the University of Huddersfield are now aiming to further improve the effect of the scalp cooling system by using new technology and donated hair follicles that are grown in a laboratory environment.

New research findings on the metabolism of hair follicles has led the company and the University of Huddersfield to understand more about the effects of scalp cooling and also innovative ways to protect the hair follicles from the damaging effects of chemotherapy. The company is excited about future developments and improving efficacy for its patients.

Personalisation is becoming ever increasingly important in healthcare. The parties are currently evaluating the possibility to produce individually designed cooling caps for the optimum fit and therefore optimum efficacy. We are evaluating different techniques which involve 3D scanning and 3D printing as well as new innovative sustainable materials.

Together with University of Huddersfield, PAXMAN is at the absolute forefront when it comes to delivering market leading scalp cooling today and in the future.



CLINICAL RESEARCH AND DEVELOPMENT

Clinical research and development

PAXMAN cooperates with leading clinicians and researchers all over the world to increase the knowledge on scalp cooling in connection with chemotherapy.

The company's clinical studies promote its global expansion as they form the basis for applications on market approval on new markets, as well as more extensive approvals in regions where PAXMAN is already established. The increasing knowledge on scalp cooling also contributes to the further development of the scalp cooling system and to establish optimal routines for usage depending on the type of tumor and chemotherapy used as well as patient specific factors.



Completed clinical studies in Europe, USA and Asia

PAXMAN has conducted extensive clinical studies in Europe that show that the company's scalp cooling is safe and well-functioning for different types of solid tumors. These studies form the basis for the company's market approval for the EU and the EEA region granted by the European Medicines Agency (EMA).

In the USA, PAXMAN participated in the world's first randomized multicenter study with a scalp cooling system. The study focused on the treatment of breast cancer patients, and its results were published in the renowned scientific journal Journal of the American Medical Association in February 2017. The results from this study form the basis of the company's current FDA clearance in the USA. The company has thereafter submitted an application for a broader clearance in the USA based on the conducted European studies, that covers all solid tumors.

In Japan, the safety and efficacy of PAXMAN's scalp cooling is being evaluated in a clinical multicenter study with breast cancer patients at five leading cancer centers in the country. The study was completed in January 2018, and its result was used as a basis for an application of a broader market approval in Japan that covers all solid tumors. This application was submitted in April 2018.

Current clinical studies and projects

The ongoing clinical studies where PAXMAN's scalp cooling is being evaluated, as well as the main purpose of each study, is summarized below.

Pilot trial in Singapore

PAXMAN and National University Cancer Institute of Singapore are conducting a six-month pilot study to evaluate the safety and efficacy in connection with treatment of breast and uterus cancer in an Asian patient population. The study is expected to be completed by the end of 2018 and if the results are positive, the intention is to broaden the study to include additional solid tumors.

Study with curly haired patients in South Africa

In South Africa, Groote Schuur hospital in Cape Town and PAXMAN are investigating whether difference in hair texture affects the efficacy of scalp cooling in breast cancer patients. To reach this endpoint, patients with straight and curly hair are recruited, and the difference in result between these two patient groups is measured. The results are important for PAXMAN as they will be able to increase the knowledge on the generalizability of the method between different patient groups. The study is expected to be completed by the end of 2018.

Indian trial with double chemotherapy treatments

In India, PAXMAN and Tata Memorial Centre is conducting a clinical study to evaluate PAXMAN's scalp cooling system in connection with the treatment of breast cancer patients using two chemotherapy types: anthracyclines and taxanes. The study is the first of its kind in India and the first study ever where all of the patients are treated with both anthracyclines and taxanes. It is expected to be completed by the end of 2018.

German studies on patients with ovarian and breast cancer

Two studies are being conducted which are evaluating PAXMAN's scalp cooling in connection with chemotherapy treatment of ovarian and breast cancer in collaboration with two cancer centers in Munich and Bonn in Germany. The studies will include over 200 patients and evaluate the efficacy, patient satisfaction and potential side effects of the scalp cooling. The studies are expected to be completed in the autumn of 2018.

CHILL: global initiative for optimal treatment

PAXMAN is a co-founder of the global organization and initiative CHILL (Cancer-related Hair Loss, International Leadership and Linkage) that collects patient data from scalp cooling treatments to create a database that can be used to make optimal treatment decisions in different situations.

Leading clinics from the Netherlands, Great Britain, Australia and the USA are represented in CHILL's board of directors.

Continued focus on scientific conferences

In 2017, PAXMAN participated at a large number of scientific conferences as a part of the company's effort to raise the awareness and knowledge on the benefits of scalp cooling. This is an important strategy to create credibility and enthusiasm for the company's mission among leading researchers and clinicians, thus facilitating the establishment at the cancer centers and hospitals where they work.

This endeavor will continue with undiminished strength in 2018, and during the first quarter only, PAXMAN participated at the Miami Breast Cancer Conference, the European Breast Cancer Conference and AFIC (a conference for French oncology nurses). In addition to this, the company conducted a fully booked and much appreciated presentation in collaboration with the US Oncology Nursing Society (ONS) in central New York for 150 oncology nurses.

In the second quarter of 2018, PAXMAN will participate at three different conferences. The first one is MASCC, an international cancer conference with a growing commitment in cytostatic-related hair loss, followed by ASCO which is considered the leading USA-led international oncology conference. Finally, PAXMAN will participate at the annual ONS conference. The program for the rest of 2018 was not finalized at the time of publication of this annual report.



Improved possibilities for patient reimbursement

To make scalp cooling available for all cancer patients is an importance vision for PAXMAN, and the company is therefore actively engaged in getting more private and public health care insurance companies to cover the cost of scalp cooling in connection with chemotherapy treatment.

During 2017, the company has primarily worked with this issue in the USA as the increased interest from both healthcare providers and patients on the American market is expected to contribute to a gradually improved situation regarding reimbursement.

Influential national and regional insurance companies have already started to act to cover the patient's cost for scalp cooling, and it is currently possible to receive reimbursement in some cases. In 2018, PAXMAN will continue to highlight this important issue together with a consultant organization specializing in reimbursement-related issues.

This collaboration makes it possible to provide updated information to all clinics with PAXMAN installations, and influence the insurance companies to progress in the right direction by highlighting successful cases where patients have received reimbursement. Based on the current situation, PAXMAN expects additional insurance companies in the USA to clarify if their insurances cover and reimburse the costs for scalp cooling in 2018.

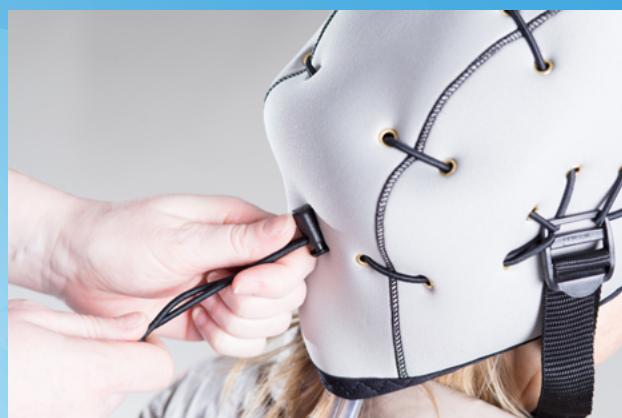




Expanded FDA clearance multiplies the USA potential

In April 2017, PAXMAN's scalp cooling system received FDA clearance for usage in the USA in connection with chemotherapy treatment of breast cancer patients. The company has since then submitted a more extensive application that covers all solid tumors. This application is based on broad clinical data from Europe and other regions in addition to the American multicenter study with breast cancer patients that forms the basis for the existing clearance.

In view of the solid clinical basis, and the fact that PAXMAN's system has been used with great success during treatment of solid tumors outside the USA for several years, the company expects to receive an expanded FDA clearance in 2018. This will instantly multiply PAXMAN's addressable market in the USA while the ongoing expansion and enrolment of new patients based on the current clearance is expected to continue.



PAXMAN's successful expansion in the USA and globally

World leading American cancer centers choose PAXMAN

In recent years, PAXMAN has had a strong focus on increasing the company's presence in leading hospitals and cancer centers all over the world. These activities have been a great success, including in the USA where all of the five highest ranked cancer centers according to the prominent US News and World Reports annual ranking, and six of the ten leading centers, have signed delivery agreements with PAXMAN to be able to offer scalp cooling to their patients. Among these are internationally renowned centers such as MD Anderson Cancer Center and Memorial Sloan Kettering Cancer Center.

Strong development also in Europe, Australia, South America and Asia

During 2017, PAXMAN's expansion in the USA has been in focus, but Europe is still the market where the company has installed the highest number of systems in total. The company also received a significant number of orders for installations in other regions such as Australia, South America and Asia during the year.

In South America, PAXMAN received market approval in Argentina in 2017. Shortly after the end of the year the company announced a license agreement with the pharmaceutical company Teva Pharmaceutical Industries Ltd for Mexico, which will enable an even stronger expansion in the region going forward.

With more than one million new cancer cases each year, Japan is expected to become one of the most important individual markets for PAXMAN in Asia going forward. The company has already received a market certification (NINSHO) in the country, and after the end of the period an application was submitted for a more extensive market approval (SHONIN), covering all solid tumors including breast cancer. This application is based on a clinical study that has been conducted with five leading cancer clinics in the country.

PAXMAN Hub – the company's service center in the USA

PAXMAN's success in the USA would not have been possible without the company's efficient and reliable concept that includes the entire process from installation and education of medical staff to ongoing service and guidance. The PAXMAN Hub represents the very core of this endeavor. It is the company's service center in the USA, and this is where the PAXMAN team coordinates its operations and answers questions and requests from enrolled healthcare providers and patients.

Healthcare providers and patients can also turn to the PAXMAN Hub for updates on the possibilities to receive reimbursement from public or private healthcare organizations. Knowing that PAXMAN will contribute to the best care possible for the patients, and integrate scalp cooling into the overall treatment process as smoothly as possible, is a source of comfort for physicians, nurses and administrative staff.

Patients view scalp cooling as important according to leading clinicians

Debu Tripathy, Professor of Medicine and Chairman at **MD Anderson Cancer Center** is positive about being able to offer a clinically verified scalp cooling product.



How has the interest in scalp cooling changed in the last years?

"Patients have been asking for scalp cooling for many years, but until recently we didn't have a structure to provide it. In recent years, this interest has spread to the medical care community, and is now seen also among nurses and physicians."

"This increased interest is also cemented by the fact that more clinical trials have been conducted, and most importantly randomized trials that have shown success in preventing or reducing hair loss due to chemotherapy with subsequent publications in scientific journals. Since scalp cooling is such an important matter for patients it has naturally become more important for us healthcare providers as well."

Could you tell us about your interactions with PAXMAN so far?

"We interacted with PAXMAN when determining which device to use for scalp cooling. The combination of strong clinical data, convenience and willingness and flexibility from the PAXMAN team were positive factors. We also appreciated the fee structure for patients and that they seemed well coordinated, which all together made us come to the decision that they were the best option for us."

Julie Nangia is Assistant Professor and Scientist at **Baylor College of Medicine** and participated in **PAXMAN**'s multicenter trial in the USA.



What are the greatest benefits of using scalp cooling for the patient?

"Most importantly, reduced hair loss improves the patient's quality of life during treatment. To lose hair is a very visible sign of illness, which means that you lose your anonymity as a patient. Even if you feel OK during treatment, you can't live your life as normal because everyone can see that you are sick."

"A good example of this is a 33 year old woman who we treated. She was unmarried, went to college and did not want anyone to know she was ill. She had eight cycles of chemotherapy during which she used a cold cap, and she had some hair thinning but no significant hair loss. No one had any idea that she was ill, and she was able to live a normal life during her treatment. She could go on just like normal, go to classes and go out with friends like a normal college student. For those patients who want to use it, scalp cooling provides the opportunity to live life as normal as possible during the treatment."

What is the demand like among patients?

"In the USA, the availability is generally limited, particularly behind compared to Great Britain. But the interest among patients is great and I get asked about it all the time. Many large centers are using scalp cooling, so we may start to see that care centers that don't offer scalp cooling are losing patients to centers that do. Some patients already come to us just because we offer scalp cooling. I think the demand may continue to increase as scalp cooling is increasingly covered by insurance companies."

How has your collaboration with PAXMAN been?

"It has been very positive, and you can tell that they are very invested in this; it is more than just a business model for them. They are very helpful, and they go out of their way to help with integrating the cooling systems at the clinics."

"At the same time, this is just the start. There are good possibilities to expand the use of scalp cooling during treatment of other solid tumors."

"There are also a lot of future directions for PAXMAN, first and foremost by continuing to develop the product. The fit of the cold cap has already been significantly improved, which is very important to the results, and it is possible that the treatment duration can be reduced in the future. Another option is to evaluate the development of cooling gloves to reduce the risk of nerve damage in fingers and toes during certain types of chemotherapies (such as taxanes). This approach has been successful with cold gloves (which are not devices) in Japan."



The patients' well-being – our most important inspiration

PAXMAN's vision is that all patients undergoing chemotherapy treatment should be given the possibility to use scalp cooling to minimize hair loss. The patients' well-being is a very important driving force for the company, and they also act as ambassadors vis-à-vis other patients and healthcare providers all over the world.

Rachael Bland is a journalist and runs the blog **Big C. Little Me.** which she started when she was diagnosed with breast cancer.



Could you tell us a little bit about yourself and your diagnosis?

"I am 40 years old and have been working as a journalist for 12 years. My family consists of my husband Steve and my 2.5-year-old son. I was diagnosed with breast cancer in November 2016 after which I started my blog Big C. Little Me. to write about my experiences."

When did you first learn about the possibility to use scalp cooling as a way to reduce hair loss?

"I had a colleague that had used a cold cap during chemotherapy, but I didn't know much about the actual method."

"The first thing that I asked after getting the diagnosis was if I would lose my hair, and the answer was, "yes I'm sorry, you will". I immediately asked if I could use a cold cap. The physician said I could but wasn't very enthusiastic and explained that it could be painful and that it might not work that well."

How was it to use the cold cap, and what was the result?

"The result was very positive, after the treatment my hairdresser said that I had lost around 20 percent of my hair."

"It was important to me to look as before during the treatment. I am not trying to hide anything but if I had lost my hair I would have been reminded of the disease all the time. Not looking like a stereotypical cancer patient helped me cope with the treatment better. If you don't look sick, you don't feel sick."

"Using the cold cap was very straight forward to me. I had heard negative things, but I didn't feel any discomfort at all. I even asked the nurse, "when is it going to get cold?", even though the cold cap had already reached the right temperature."

Did you have any contact with the PAXMAN team during your treatment?

"Yes, I contacted them several times about sizes and so on, as I knew the fit is so important for having a good result. They have always been incredibly helpful and given me important information and valuable advice. They have been brilliant."

"You can tell that the company is founded by people who have experienced cancer in the family themselves as they are really passionate about helping people to keep their hair."

Market and outlook

A global growth market

PAXMAN develops and offer complete scalp cooling solutions that are used to minimize the risk of chemotherapy induced hair loss. As cancer affects people in all countries and continents, the market for scalp cooling is truly global and PAXMAN already has installations in Europe, North and South America, Asia and Australia.

According to the World Cancer Report, approximately 14 million new cancer cases were discovered in 2014, and 8 million people died because of the disease. That makes cancer the most common cause of death after heart and lung diseases. The market for cancer drugs is the world's largest pharmaceutical drug market with a turnover of about 81 billion USD in 2014 according to Global Data.

Chemotherapy is a common treatment for solid cancer tumors, not least when the cancer has spread throughout the body. The company estimates that around six million patients undergo chemotherapy treatment each year, which is about 40 percent of all cancer patients.

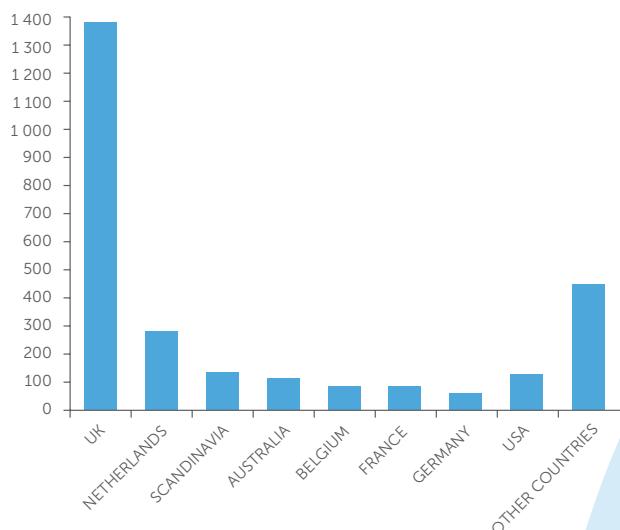
A majority of the patients that undergo chemotherapy are affected by hair loss, and it is also one of the side

effects that most patients worry about. That makes the issue doubly important for health care providers. PAXMAN estimates that approximately four million cancer patients could be eligible for scalp cooling treatment to reduce hair loss each year.

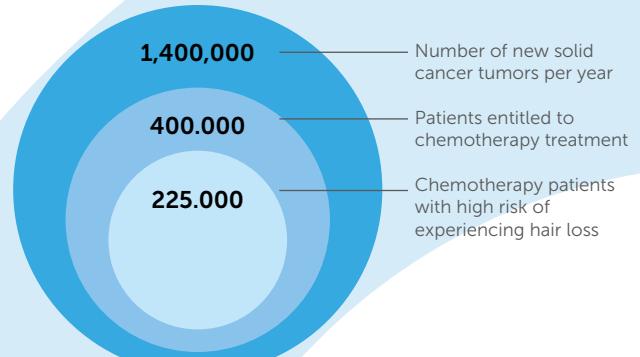
As the knowledge on the benefits of scalp cooling increases, and consequently the demand from both health care providers and patients, the market for scalp cooling is growing at a strong rate. The company estimates that around 3 500 scalp cooling systems have been installed globally by the end of 2017, of which PAXMAN has installed around 3 000. This clearly shows that only a fraction of all the patients that could benefit from scalp cooling has access to the technology at present.

The USA is the world's largest health care market, and approximately 1.7 million of its citizens are diagnosed with cancer each year according to the American Cancer Society. About 250 000 of these are invasive breast cancer cases, that is most commonly treated with chemotherapy. Consequently, USA is one of PAXMAN's most important individual markets.

Number of delivered systems per country



The American market



Source: Hair to stay, www.hairtostay.org

" "

As the knowledge on the benefits of scalp cooling increases, and consequently the demand from both health care providers and patients, the market for scalp cooling is growing at a strong rate.

MARKET AND OUTLOOK

Competitors

Scalp cooling with the use of gel caps is a method that has been around for a long time, and there are several established gel cap companies of which Penguin Cold Caps and Elastoge are among the most prominent. However, gel caps require careful and correct handling to work optimally, and they lack approval from important government bodies such as the FDA in the USA. Consequently, PAXMAN does not expect any meaningful competition from companies using this method.

In the liquid-based scalp cooling sector, Nasdaq First North listed Dignitana is the most prominent competitor. The company has had some success both globally and in the USA after getting an FDA clearance in December 2015 and has sold hundreds of systems in total. However, PAXMAN has sold several times more systems and saw stronger growth in the USA in 2017 even though the company did not receive its FDA approval until April.

Targets and outlook

PAXMAN's long term goal is that all patients undergoing chemotherapy shall have access to scalp cooling and that the PAXMAN Scalp Cooling System is the obvious first choice for cancer patients all over the world. The company has already taken steps towards a truly global presence by selling systems to customers in Europe, North and South America, Asia and Australia.

In addition to the USA, Japan is expected to become one of the most interesting markets for PAXMAN going forward as the country represents a large and influential Asian market with approximately 1 million new cancer cases each year. The company has already received market certification in Japan, and a more comprehensive application for a broader market approval based on a clinical study with five leading cancer centers was submitted after the end of the year. A decision is expected in early 2019 at the latest.

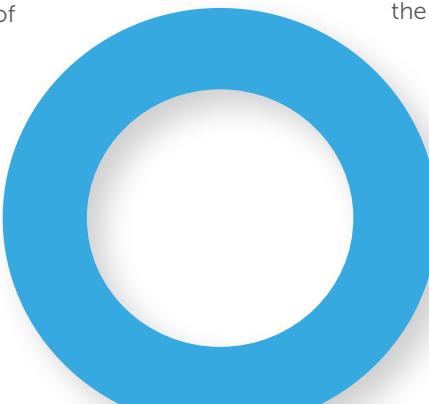
To further increase its growth rate, PAXMAN signed the company's first licensing agreement with the major pharmaceutical company Teva Pharmaceuticals regarding the Mexican market in Q1 2018. A market approval was received in Q2 2018, and the official launch is planned for later in the same quarter.

Concrete target for 2018

PAXMAN's concrete target for 2018 is to reach SEK 50 million in turnover, and to achieve a growth rate of at least 25 percent per year thereafter. A new volume target for the USA becomes applicable when the more extensive FDA clearance covering all solid tumors is received.

The transition to a new business model where the installation is made free of charge for the cancer clinic, and where PAXMAN is reimbursed from the patient per sold cooling cap and each treatment, is expected to facilitate a strong expansion rate in the USA and globally in 2018. At the same time, a strong inclusion of patients is expected for both existing and new installations, which will generate a substantial cash flow for the company.

Due to the funds from the SEK 30.4 million share issue in 2017, and a verified operating credit of SEK 10 million, PAXMAN has the financial strength required to reach a positive cashflow without additional injections of capital. However, the company does not exclude the possibility to act opportunistic to raise the growth rate if opportunities arise with the potential to create substantial value for the company's shareholders.



Expected milestones in 2018

- 250 ordered or installed systems in the USA – reached in Q1 2018
- Licensing agreement with Teva for Mexico – reached in Q1 2018
- Market approval in Mexico – reached in Q2 2018
- A more extensive FDA clearance in the USA for all solid tumours
- Initiated market launch in Mexico with Teva
- Update/decision on licensing agreements for additional markets
- Market approval in Japan (no later than early 2019)

The people behind **PAXMAN**

The Board



Per-Anders Johansson

Chairman of the board since December 1st, 2016.

Per-Anders Johansson has long experience from technology and development companies and is an active investor through CIMON AB. CIMON AB has invested in and developed several successful companies. Per-Anders Johansson also has long industrial experience from Karlshamnsgruppen, Nordico and Ellos where he has held leading positions.

Born: 1954

Holdings: 1 088 950 shares via CIMON Venture Trust AB, 100 000 shares privately held, 13 672 shares via NOMIC AB



Robert Kelly

Member of the board since January 10th, 2017.

Robert Kelly is a lawyer specialised in corporate law. He is also an authorized accountant and has long experience from management of both private and public companies before his career as a lawyer. Robert Kelly has also been CFO and later CEO of the technology company, Minorplanet Systems plc, that was listed on the London Stock Exchange. Before that he held leading positions at Caudwell Group and Kinuck plc.

Born: 1961

Holdings: 0



Björn Littorin

Member of the board since December 1st, 2016.

Björn Littorin has long experience as a management consultant, business leader and board member of both manufacturing and service-based companies as well as 20 years' experience as Investment Manager and board member of technology and development companies, mostly within medical technology. Some of the companies where he has been CEO or board member has been listed on the Stockholm Stock Exchange. He has also been a board member of Paxman Group Ltd and its subsidiary Paxman Coolers Ltd since 2001. Björn Littorin is Chairman of the Board in Klaria Pharma Holding AB, listed at First North.

Born: 1947

Holdings: 1 285 076 shares



Glenn Paxman

Member of the board since January 10th, 2017.

Glenn Paxman is the founder of PAXMAN and responsible for the design and development of the scalp cooler. He has over 40 years of business experience including management strategy and product design of medtech products, and over 25 years of experience in developing manufacturing processes for the pharmaceutical and chemical industry sectors. Glenn is also the founder and chairman of Brewfitt Ltd. Currently, his role in the company is to support the board and management in strategic matters and assist in growth-stimulating projects on the American market.

Born: 1956

Holdings: 6 788 645 shares



Richard Paxman

CEO and member of the board since February 10th, 2017

Richard Paxman has long experience from global market development including design of clinical studies and regulatory approvals specifically related to scalp cooling. He has worked for the company since 2009. Before Richard Paxman started his assignment at Paxman Coolers Ltd he held a leading position at Brewfitt Ltd.

Born: 1983

Holdings: 1 281 000 shares



Maria Ölander

Member of the board since January 10th, 2017.

Maria Ölander has long experience from several companies in the biotech and pharmaceutical sector and has held leading positions such as Clinical Research Manager at Pharmacia & Upjohn, Clinical Project Manager and Study Delivery Director at AstraZeneca as well as Director Clinical Operations and Principal Project Manager at Karo Bio AB.

Born: 1968

Holdings: 4 200 shares



The people behind **PAXMAN**

Management team



Richard Paxman

CEO and member of the board
since February 10th, 2017

Richard Paxman has long experience from global market development including design of clinical studies and regulatory approvals specifically related to scalp cooling. He has worked for the company since 2009. Before Richard Paxman started his assignment at Paxman Coolers Ltd he held a leading position at Brewfitt Ltd.

Born: 1983

Holdings: 1 281 000 shares



Eva Jonasson

CFO since January 1st, 2017.

Eva Jonasson has long experience as CFO and financial controller, among others at Ellos and CIMON AB. She also held the position as CFO for Avalon Innovation during 2006–2011 when the company was listed on NGM Equity and CFO for Nasdaq First North-listed TC TECH Sweden AB during 2015–2016.

Born: 1956

Holdings: 40 000 shares

DIRECTORS' REPORT 2017

Operations

The company

PAXMAN AB (publ), with corporate registration number 559079-3898, was established in October 2016. Its current name and operations were registered on 14 December 2016. PAXMAN AB is a public limited liability company, and its legal form is thus regulated by the Swedish Companies' Act (2005:551). The parent company has its registered office in Karlshamn, at Pirgatan 13, SE-374 35 KARLSHAMN. Production and sales are handled by the UK subsidiary Paxman Coolers Ltd, International House, Penistone Road, Fenay Bridge, HD8 0LE HUDDERSFIELD, England. The group also has a subsidiary in the US, Paxman US, Inc. with its registered office in Houston, Texas. Paxman Coolers Ltd as well as Paxman US, Inc. are wholly owned subsidiaries of Paxman Group Ltd, in its turn a fully owned subsidiary of PAXMAN AB (publ).

PAXMAN AB has appointed FNCA Sweden AB its Certified Adviser.

Earnings and financial position

- The group's total sales amounted to 31,332 TSEK in 2017.
- The group's net profit/loss was -6,725 TSEK for the full year 2017, with profit/loss per share amounting to SEK -0.56.
- Consolidated equity as of 31 December 2017 totalled 32,766 TSEK. The equity/assets ratio for the group was 71.8 %.
- The group's cash and bank balances totalled 8,357 TSEK at year end.
- On 31 December 2017 the group's external interest-bearing liabilities amounted to 2,760 TSEK, of which 2,528 TSEK were current liabilities.
- Cash flow from operating activities was -7,133 TSEK for the year, with total net investments amounting to -11 549 TSEK. Cash and bank balances increased by 7,867 TSEK in 2017.

The parent company

The parent company's operations include only Group functions such as finance, legal and communication. Thus, the parent company reports no sales.

- The parent company's cash and bank balances amounted to 7,422 TSEK on 31 December 2017.
- Cash flow from operating activities was -1,855 TSEK. In the financial year 2017, the parent company made no investments that affected cash flow.
- The parent company had one employee on 31 December 2017.

Financial summary

	2017
Operating income, TSEK	36,285
Operating profit/loss, TSEK	-6,796
Profit/loss after financial items, TSEK	-6,853
Total assets, TSEK	45,606
Equity/assets ratio, % ¹	71.8
Total number of employees at year end	35

(1) Adjusted equity as a percentage of total assets.

Significant developments in 2017

On 19 April, PAXMAN's scalp cooling system was cleared by the US Food and Drug Administration (FDA) for marketing and sales on the US market.

Ahead of the FDA application, PAXMAN's scalp cooling system was used in the first randomized clinical trial on the market.

On 26 April an extraordinary general meeting resolved to issue 3,202,500 new shares in the company, in line with the offer directed to the general public and institutional investors in connection with PAXMAN's planned listing on Nasdaq First North.

On 24 May the subscription period for the new share issue expired, resulting in a subscription rate of approximately 200 %. The number of shareholders increased by around 440, and the company raised SEK 30.4 million through the new issue.

On 8 June PAXMAN confirmed its first order on the US market, as seven Rocky Mountain Cancer Centers in Denver, Colorado became the first US clinics to provide PAXMAN's Scalp Cooling since its US launch. RMCC is Colorado's largest and most comprehensive provider of cancer care.

On 12 June, PAXMAN AB (publ) was successfully listed on Nasdaq First North.

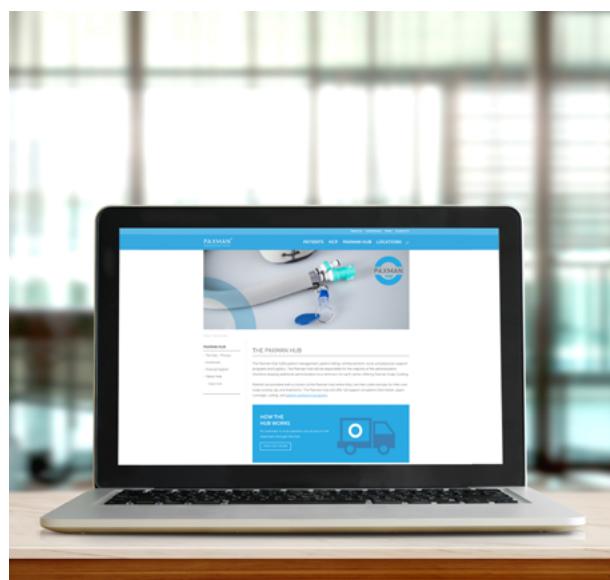
On 15 June PAXMAN confirmed its largest order to date, as Texas Oncology decided to install Paxman devices in 20 of its more than 175 clinics across Texas. Texas Oncology is part of the US Oncology network.

On 29 June, PAXMAN confirmed clearance of its advanced scalp cooling technology by the Taiwan Food and Drug Administration (TFDA), following comprehensive clinical trials.

On 31 July, PAXMAN confirmed product approval in Argentina by ANMAT – the Argentinean equivalent of FDA. In connection with the clearance, PAXMAN appointed Xeikon Diagno S.A. its licensed distributor for this market.

In August PAXMAN reached half of its initial volume goal in the USA of a total of 127 systems ordered or installed in the USA in the 12 months following the FDA clearance in April. The first systems were delivered in the USA in June, which means that the company reached more than 50 % of its one-year goal in less than three months.

In August PAXMAN also launched its PAXMAN Hub in The USA to guide patients through the whole scalp cooling process, covering everything from administration, billing and logistics to advice, support and contacts with care providers. At the same time



PAXMAN launched www.PaxmanUSA.com, a website tailored specifically for the US market.

In October PAXMAN filed a 510(k) premarket notification application with the FDA for a clearance covering a substantially wider use of its scalp cooling system. The clearance, when granted, will allow PAXMAN's scalp cooling system to be used also by cancer patients with solid tumours.

In early November, PAXMAN confirmed that its scalp cooling system will be available at Memorial Sloan Kettering Cancer Centre, as the company will install 34 cooling systems at 10 of MSK's clinics in the New York area.

In early November PAXMAN also informed that the group's value of tangible fixed assets in the USA had been adjusted in the consolidated accounts as of 30 June, 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.

On 13 November PAXMAN appointed FNCA Sweden AB its Certified Adviser.

Significant events after the reporting period

In early January PAXMAN signed a license agreement for Mexico with Teva Pharmaceutical Industries. This is the company's first license agreement, and will establish the PAXMAN Scalp Cooler on a brand new market with over 150,000 new cancer cases per year.

On 22 January, PAXMAN announced that the company had received a 10 MSEK credit line to be used as a financial buffer to increase the rate of expansion on the US market. The credit line is granted by Sparbanken i Karlshamn, and is estimated to be more than sufficient until the PAXMAN group can deliver a positive cash flow.

In February, PAXMAN announced a new agreement with The University of Texas MD Anderson Cancer Center to install 16 scalp cooling systems in three of its Houston locations. 12 of the systems will be installed at one single clinic, making it the largest single PAXMAN installation yet.

In February PAXMAN announced that the company will increase and strengthen its market communication together with the IR agency Honeybadger. A communication plan for 2018 has been finalised, and Honeybadger has undertaken to assist PAXMAN with strategic advice as well as with the production of PAXMAN's regulatory and non-regulatory market communication.

On 27 February PAXMAN announced that its scalp cooling system is now available at all the five highest-ranked cancer centers in the US, according to US News & World Report's annual ranking.

On 5 March PAXMAN reached its target of installing or signing delivery agreements for at least 250 scalp cooling systems in the USA within one year after the FDA clearance in April 2017. The milestone was reached by signing a new agreement with one of the top ten-ranked cancer centers in the US.

In early April PAXMAN applied for a market approval (SHONIN) in Japan. The application covers all solid tumours including breast cancer and is based on a clinical trial with five leading cancer clinics in the country.

On 19 April PAXMAN announced that the company had received market approval in Mexico for its scalp cooling system. PAXMAN and its license partner Teva will thereby intensify their activities in preparation for an official launch later in the second quarter of 2018.

Employees

As of 31 December 2017, the PAXMAN group had a total of 35 employees, of whom 1 employed by the parent company PAXMAN AB, 29 by Paxman Coolers Ltd in Huddersfield, England and 5 by Paxman US, Inc in Houston, USA.

Incentive programmes

The company has no outstanding convertible debentures, corporate warrants or suchlike.

Environment

The PAXMAN group conducts no operations covered by, or requiring concessions in accordance with, the Environmental Code.



PROPOSED APPROPRIATION OF RETAINED EARNINGS

PROPOSED APPROPRIATION OF RETAINED EARNINGS

Retained earnings at the disposal of the Annual General Meeting:

Retained earnings	36,905 TSEK
Profit/loss for the year	-1,779 TSEK
	35,125 TSEK

The Board of Directors proposes that the retained earnings of 35,125 TSEK be appropriated as follows:

Carried forward	35,125 TSEK
	35,125 TSEK

PAXMAN's net profit/loss for the accounting year 2017, as well as the company's financial position as at 31 December 2017, are disclosed in the following income statements, balance sheets and cash flow statements.

CONSOLIDATED INCOME STATEMENT

TSEK	Not	2017
OPERATING INCOME		
Net sales	4, 5	31,332
Work performed by the company for its own use and capitalized		4,953
<i>Total operating income</i>		36,285
OPERATING EXPENSES		
Raw materials and consumables		-10,976
Other external costs	6, 8	-18,035
Other external costs	7	-12,472
Depreciation and write-downs	9	-1,598
<i>Total operating costs</i>		-43,081
<i>Operating profit/loss</i>		-6,796
RESULT FROM FINANCIAL INVESTMENTS		
Other interest income and similar profit/loss items	10	4
Interest expense and similar profit/loss items	11	-61
<i>Total result from financial investments</i>		-57
<i>Profit/loss after financial items</i>		-6,853
Tax	12	128
<i>Net profit/loss for the year</i>		-6,725
<i>Net profit/loss per share*</i>		-0.56 SEK

* The calculation of net profit/loss per share is based on the average number of shares in 2017.

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

TSEK	Not	2017-12-31
FIXED ASSETS		
<i>Intangible assets</i>	13	
Concessions, patents, licences, trademarks and similar rights		9,597
<i>Total intangible assets</i>		9,597
<i>Tangible assets</i>	14	
Plant and machinery		7,849
Equipment, tools, fixtures and fittings		2,371
<i>Total tangible assets</i>		10,220
<i>Financial assets</i>	15	
Participations in associated companies		47
<i>Total financial assets</i>		47
TOTAL FIXED ASSETS		19,864
CURRENT ASSETS		
<i>Inventories etc.</i>		
Finished products and goods for resale		8,547
<i>Total inventories etc.</i>		8,547
<i>Current receivables</i>		
Accounts receivable – trade	18	2,488
Receivables from associated companies	19	909
Other receivables		3,574
Prepaid expenses and accrued income	20	1,867
<i>Total current receivables</i>		8,838
<i>Cash and bank balances</i>		8,357
TOTAL CURRENT ASSETS		25,742
TOTAL ASSETS		45,606

CONSOLIDATED BALANCE SHEET

TSEK	Not	2017-12-31
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital (16,012,500 shares)		16,013
Non-restricted equity		23,478
Profit/loss for the year		-6,725
TOTAL EQUITY		32,766
<i>Provisions</i>		
Provisions for taxes	12	108
<i>Total provisions</i>		108
<i>Long-term liabilities</i>		
Liabilities to credit institutions	21	232
<i>Total long-term liabilities</i>		232
<i>Current liabilities</i>		
Liabilities to credit institutions	21	2,528
Accounts payable – trade		7,341
Income tax liability		576
Other liabilities		826
Accrued expenses and deferred income	22	1,229
<i>Total current liabilities</i>		12,500
TOTAL LIABILITIES		12,840
TOTAL EQUITY AND LIABILITIES		45,606

CONSOLIDATED CASH FLOW STATEMENT**CONSOLIDATED CASH FLOW STATEMENT**

TSEK	2017
CASH FLOW FROM OPERATING ACTIVITIES	
Profit/loss before financial items	-6,796
Financial items	-57
Income tax paid	128
<i>Adjustments for:</i>	
Depreciation and write-downs	1,598
Other non-cash items	117
<i>Cash flow before working capital changes</i>	-5,010
<i>Cash flow from working capital changes:</i>	
Inventories etc.	-3,268
Current receivables	-1,701
Current liabilities	2,846
<i>Cash flow from working capital changes</i>	-2,123
<i>Cash flow from operating activities</i>	-7,133
INVESTING ACTIVITIES	
Investments in intangible fixed assets	-1,705
Investments in tangible fixed assets	-10,824
<i>Cash flow from investing activities</i>	-11,549
FINANCING ACTIVITIES	
Borrowings	105
Share capital paid	50
New share issue	27,374
<i>Cash flow from financing activities</i>	27,529
CASH FLOW FOR THE YEAR	7,867
<i>Cash and cash equivalents, opening balance</i>	490
<i>Cash and cash equivalents, closing balance</i>	8,357

PARENT COMPANY INCOME STATEMENT

TSEK	Not	2016-10-07 – 2017-12-31
OPERATING INCOME		
Net sales		-
<i>Total operating income</i>		-
OPERATING COSTS		
Other external costs	6	-834
Other external costs	7	-1,012
<i>Total operating costs</i>		-1,846
<i>Operating profit/loss</i>		-1,846
Result from financial investments		
Interest income and similar profit/loss items	10	125
Interest expense and similar profit/loss items	11	-59
<i>Total result from financial investments</i>		66
<i>Profit/loss after financial items</i>		-1,780
Tax	12	-
Net profit/loss for the year		-1,780

PARENT COMPANY BALANCE SHEET

PARENT COMPANY BALANCE SHEET

TSEK	Not	2017-12-31
ASSETS		
FIXED ASSETS		
<i>Financial assets</i>		
Participations in group companies	16	25,520
<i>Total financial assets</i>		25,520
TOTAL FIXED ASSETS		25,520
CURRENT ASSETS		
<i>Current receivables</i>		
Receivables from group companies	17	18,121
Other receivables		290
Prepaid expenses and accrued income	20	54
<i>Total current receivables</i>		18,465
Cash and bank balances		7,422
TOTAL CURRENT ASSETS		25,887
TOTAL ASSETS		51,407

PARENT COMPANY BALANCE SHEET

TSEK	Not	2017-12-31
EQUITY		
<i>Restricted equity</i>		
Share capital (16,012,500 shares)		16,012
<i>Total restricted equity</i>		16,012
<i>Non-restricted equity</i>		
Share premium reserve		36,906
Profit/loss for the year		-1,780
<i>Total non-restricted equity</i>		35,126
TOTAL EQUITY		51,138
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable – trade		-
Other liabilities		119
Accrued expenses and deferred income	22	150
<i>Total current liabilities</i>		269
TOTAL LIABILITIES		269
TOTAL EQUITY AND LIABILITIES		51,407

PARENT COMPANY CASH FLOW STATEMENT**PARENT COMPANY CASH FLOW STATEMENT**

TSEK	2016-10-07 – 2017-12-31
CASH FLOW FROM OPERATING ACTIVITIES	
Profit/loss before financial items	-1,846
Financial items	66
 Cash flow from changes in working capital:	
Current receivables	-344
Current liabilities	269
<i>Cash flow from operating activities</i>	-1,855
 FINANCING ACTIVITIES	
New share issue	27,398
Loans to group companies	-18,121
<i>Cash flow from financing activities</i>	9,277
 CASH FLOW FOR THE YEAR	7,422
 <i>Cash and cash equivalents, opening balance</i>	0
<i>Cash and cash equivalents, closing balance</i>	7,422

CHANGES IN EQUITY

THE GROUP TSEK	Share capital	Non-restricted equity	Profit/loss for the year	Total equity
Opening balance as at 1 January 2017	0	-	-	0
Initial share capital (50,000 shares)	50	-	-	50
New share issues	15,962	26,413	-	42,375
Direct issue costs		-3,076		-3,076
Translation gains/losses on consolidation	-	142	-	142
Profit/loss for the year			-6,725	-6,725
Total equity as at 31 December 2017 (16,012,500 shares)	16,012	23,478	-6,725	32,766

PARENT COMPANY TSEK	Share capital	Share premium reserve	Profit/loss for the year	Total equity
Opening balance as at 1 January 2017	0	-	-	0
Initial share capital (50,000 shares)	50	-	-	50
New share issues	15,962	39,982	-	55,944
Direct issue costs	-	-3,076	-	-3,076
Profit/loss for the year	-	-	-1,780	-1,780
Total equity as at 31 December 2017 (16,012,500 shares)	16,012	36,906	-1,780	51,138

THE SHARE

PAXMAN has issued a total number of 16,012,500 shares, all fully paid for. Each share has a quota value of 1 SEK, and a voting right of 1. There are no pre-emption clauses, refusal clauses or other restrictions on the transfer of shares in the company. Up to 12 March 2018, the company's four original shareholders were bound by a so-called lock-up agreement, entered into in connection with PAXMAN's listing on Nasdaq First North. By this agreement, these shareholders committed themselves to refrain from selling shares (directly or indirectly) in a nine-month period from the first day of trading on Nasdaq First North. In all, 12,810,000 shares were bound by the lock-up agreement. Prior to the listing this corresponded to 100 % of all issued shares; after the listing and the new share issue to 80 %.

THE SHARE PRICE

The listing price for PAXMAN's share on 12 June 2017 was SEK 9.50. The closing price at year-end was SEK 19.50.

CHANGES IN EQUITY**THE SHAREHOLDERS**

On 29 December 2017, the company's fifteen largest shareholders were:

(Source: Euroclear 29 December 2017).

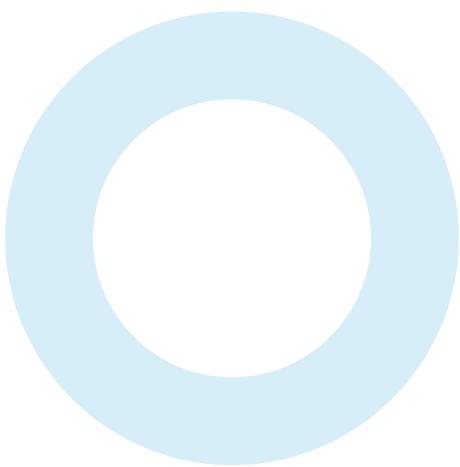
Name	Number of shares held	Shareholding in %
Paxman, Glenn	6,788,645	42.4
Littorin, Björn	1,285,076	8.0
Paxman, Richard	1,281,000	8.0
CIMON Venture Trust AB	1,088,950	6.8
Carl Ejler Rasmussen & Co A/S	983,254	6.1
Ålandsbanken i ägares ställe	669,307	4.2
Länsförsäkringar Blekinge	525,000	3.3
Länsförsäkringar Kalmar län	445,185	2.8
Johansson, Roger	250,000	1.6
Källebo, Göran	250,000	1.6
Länsförsäkringar Älvborg	222,592	1.4
CT Intressenter AB	200,000	1.3
Lönner, Anders	120,000	0.8
Broberg, Glenn	110,000	0.7
Johansson, Per-Anders	100,000	0.6

On 29 December 2017 PAXMAN had a total of 599 shareholders. The fifteen largest of these held 89.4 % of all issued shares.

DATA PER SHARE	2017
Earnings per share, SEK ¹⁾	-0.56
Equity per share, SEK ²⁾	2.05
Cash flow from operating activities per share, SEK ¹⁾	-0.60
Share price on 29 December 2019, SEK	19.50
Number of shares on 31 December 2017	16,012,500
Number of shares, weighted average in 2017	11,881,459

1) Earnings and cash flow per share are based on the weighted average number of shares in the period from 1 January to 31 December 2017.

2) Equity per share is based on the total number of issued shares on balance sheet day.



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This annual report was made by **Honeybadger** together with **PAXMAN**

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