



# INTERIM REPORT

AS OF JUNE 30 2018

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# PAXMAN AB (publ)

## Second quarter

### 2018

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#### Continued expansion in line with business plan

- The Group's sales amounted to 23.6 (14.0) MSEK as of 30 June 2018, of which 12.6 (7.1) MSEK in the second quarter of the year.
- The Group's net profit/loss totaled -2.5 (0.7) MSEK as of 30 June 2018, of which -0.9 (-0.4) MSEK refer to the period April - June.
- Earnings per share were -0.16 (0.09) SEK for the period January – June, of which -0.05 (-0.03) SEK refer to Q2 2018.
- Cash flow before financing activities was -10.4 (-5.7) MSEK for the first six months of the year, of which -3.6 (-3.2) MSEK for the second quarter.
- Total assets amounted to 45.4 (50.0) MSEK on 30 June.
- Net liquid assets totaled -4.8 (21.3) MSEK on 30 June.
- Equity to assets ratio was 66.4 (79.4) % at the end of the reporting period.



## Significant events during the reporting period

- On April 5, PAXMAN announced that the company had applied for SHONIN approval in Japan. The application is based on a clinical trial with five leading cancer clinics in the country and covers solid tumours including breast cancer.
- On April 19, PAXMAN received market approval in Mexico. This meant that PAXMAN and its license partner Teva could prepare for an official launch later in the second quarter of 2018, thus earlier than expected.
- On April 27, PAXMAN informed that the company had updated its accounting treatment of the acquisition of Paxman Group Ltd. The acquisition was found to be a transaction between legal entities under common control, rather than an acquisition. This improved the group's net profit/loss for the year 2017 by 1.1 MSEK compared to the figure previously announced.
- On May 8, PAXMAN supplemented its application for expanded FDA clearance in the USA by responding to a request for additional information. The information was supplied in the form of an in-depth analysis of the clinical results provided as the basis for the expanded indication.
- On May 24, PAXMAN held its first AGM at NetPort in Karlshamn. Slightly more than 83 % of all issued shares were represented at the meeting. All proposals submitted by the Board of Directors and the Nomination Committee were supported, and all Directors were re-elected.
- On June 7, PAXMAN announced expanded FDA clearance for its scalp cooling system in the USA, and it is now cleared for use during treatment of patients with solid tumours. This substantially increases the

potential number of new cancer patients per year that the system can be marketed to in the USA – from an estimated 250,000 breast cancer patients to over one million breast cancer and solid tumour cancer patients.

- On June 19, PAXMAN commented on the AMA (American Medical Association) decision not to introduce a specific CPT code for scalp cooling at this time. For PAXMAN the decision was not unexpected, as scalp cooling is still a relatively new type of treatment in the USA. PAXMAN expects AMA to review its position as scalp cooling gradually becomes more common in the USA.

## Significant events after the reporting period

- On July 2, PAXMAN informed that the company's two largest shareholders had sold a total of 500,000 shares. Thereby, two of the company's ten largest shareholders (Länsförsäkringar Blekinge and Länsförsäkringar Kalmar län) could strengthen their positions. Shares were also bought by a limited number of private, long-term investors.
- On July 17, PAXMAN received its first order from TEVA Pharmaceutical Industries Ltd in Mexico totaling 17 scalp cooling systems. The systems are to be installed at five cancer centers, three of which will install systems in Mexico City.

## COMMENTS BY THE CEO

While many parts of the world were experiencing heat waves this summer, PAXMAN is heating up in a more positive sense. I am absolutely delighted to report our strongest quarterly figures yet, and that Q3 has had an excellent start so far.

This report marks the first time that we can provide quarterly comparative figures for the Group, and I am proud to announce an 88 % growth, from 15.5 MSEK to 29.2 MSEK, in operating income when comparing Q2 2018 to the same period last year. Focusing on 2018, our operating income increased by 13 % in Q2 compared to the previous quarter, and we expect even stronger growth numbers for Q3. These impressive numbers are not only attributable to the USA, but also to a very strong growth throughout the rest of the world.

We are also pleased to report that in total, our operating entities in the UK and the USA were able to reach breakeven in Q2 before parent company running costs. Our net consolidated loss has also decreased dramatically from Q1 to Q2 – from 1,664 TSEK in Q1 to just over 868 TSEK in Q2. This demonstrates not only improved growth in income, but also well-managed and controlled costs.

To ensure that we can comfortably meet the expected growth in Q3 and beyond, we made significant strategic investments in Q2 with focus on our supply chain, infrastructure and personnel in the UK, thus strengthening our production and regulatory departments. This will make it possible to triple our production capacity, while at the same time ensuring the consistent quality required to meet the increasingly demanding regulatory requirements around the world. I am personally incredibly proud of our growing team for the implementation of this project, which highlights all team members' professionalism and skills.

The most important milestone for the quarter was the long-awaited FDA clearance for solid cancer tumours, and this has been well received by our customers. Many cancer centres are excited to expand their services and add additional equipment to existing installations in preparation for an expected increase in demand. PAXMAN's training specialists in the USA are now working with our growing customer base to educate and implement this broader indication.

Although the AMA's (American Medical Association) decision not to implement a specific CPT code for scalp cooling treatments in the USA was disappointing, we continue to invest heavily in this area with our reimbursement consultants. This is a high priority for PAXMAN, and we are confident that the AMA will reconsider when scalp cooling becomes more common.

With over 472 systems ordered so far this year, and a worldwide interest in scalp cooling that becomes

stronger every week, we are set for a successful 2018 and beyond. There is a growing number of patients contacting PAXMAN daily, and their stories remind us of how important it is for them to keep their hair while going through a difficult time in their lives. I am proud to lead a team responsible for adding such positive social impact on a global scale, while at the same time building a valuable company together with our shareholders. Together we will be able to reach even further in the future.

Huddersfield in August 2018,



Richard Paxman, CEO

PAXMAN AB (publ)





## MARKET DEVELOPMENTS

### STRONG PERFORMANCE WORLDWIDE

The Group's trading companies in the UK and the USA saw continued growth during the second quarter of 2018. PAXMAN sold and installed 250 scalp cooling systems throughout 21 countries during the first half of the year, generating 17 MSEK in revenue for the subsidiary in the UK and 7 MSEK for the subsidiary in the USA. The highest-performing countries excluding the USA include Australia, Japan, the UK and Brazil.

In addition to the sales in Q2 2018, PAXMAN has received confirmed orders for 222 systems in total, of which 116 in North America, 32 in South America (of which 15 for Brazil), 60 in Europe and 14 in Asia. Large orders in Europe include 20 systems for Italy and 8 for the UK. We are excited for the launch in the Mexican market with 17 systems currently on order for the launch.

### CONTINUED EXPANSION IN THE USA

The USA continues to perform well with strong installation growth. New installs and orders are increasing month by month as previously reported, and some locations are now requiring additional systems to manage rising patient demand. The PAXMAN Scalp Cooling System is now available in over 128 healthcare institutions in 24 states. In addition to this installed base PAXMAN have over 116 systems on order in the USA for 50 locations. Income generated from this growing install base, now valued on the Group's balance sheet at 17.5 MSEK, is increasing monthly due to a rising patient uptake. Further work in this area is required, however, with PAXMAN launching some additional marketing tactics to improve both patient and provider awareness. Hair To Stay continues to be a great support to assist with patients who cannot afford the treatment themselves, and we are now also working with a number of other funds. It is incredibly important that we ensure this option is accessible for all patients, and not just those that can afford it without financial assistance.

### DISTRIBUTOR GROWTH

With added resources to our International team, we are now able to utilise a more proactive approach when appointing new distributors. In Q2 and so far in Q3, new distributors have been added in Costa Rica, Georgia, Hungary, Lithuania, South Africa and Ukraine. We have also signed new contracts in existing markets with new partners in Malaysia and Austria. Additionally, we are in ongoing discussions with potential partners in several other territories.

### CONTINUED INVESTMENTS IN KEY CONFERENCES AND EXHIBITIONS

PAXMAN have attended and presented at the Oncology Nursing Society in May, the American Society of Clinical Oncology conference in June and MASCC, a supportive cancer care conference in June. All these events generated substantial interest, further awareness and leads throughout the world. The third quarter will see PAXMAN exhibit at the European Society of Medical Oncology (ESMO), that is Europe's largest oncology conference, as well as Lynn Sage Breast Cancer Conference in Chicago.



## Installed systems in January – June 2018

The systems are installed on-site following a signed delivery- and rental agreement (in the USA, and later in 2018 also in Mexico) or after being sold to the customer (rest of the world).

Argentina	5
Australia	22
Brazil	9
Canada	2
France	6
Greece	2
Italy	9
Japan	17
Kuwait	1
Netherlands	10
Poland	8
Singapore	2
Spain	1
Turkey	2
United Arab Emirates	5
United Kingdom	14
USA	134
Vietnam	1
<b>TOTAL</b>	<b>250</b>



## Installed systems + confirmed orders in 2018

The total number for the business operations so far in 2018 (until the 20th of August). This includes installed systems + confirmed orders that are yet to be installed.

Argentina	5		
Australia	22		
Austria	2		
Brazil	24	Malaysia	2
Bulgaria	1	Mexico	17
Canada	2	Netherlands	19
Denmark	1	Poland	8
France	7	Singapore	8
Georgia	1	Spain	7
Germany	6	Taiwan	4
Greece	3	Turkey	2
Hungary	2	United Arab Emirates	5
India	1	United Kingdom	24
Italy	29	USA	250
Japan	17	Vietnam	2
Kuwait	1	<b>TOTAL</b>	<b>472</b>



# Comments to the financial statements

## COMPARATIVE FIGURES

The parent company, PAXMAN AB (publ), was listed on Nasdaq First North on 12 June 2017, and published its first interim report as of 30 June 2017. This is thus the first time that PAXMAN reports comparative figures.

## SALES AND EARNINGS

### April - June 2018

Net sales amounted to 12,600 (7,131) TSEK in the second quarter of 2018. Operating loss totaled -776 (-243) TSEK, net financial items -92 (-152) TSEK and net loss -868 (-395) TSEK. The operating entities achieved break-even throughout the second quarter, the loss thus caused by running costs in the parent company PAXMAN AB.

### January - June 2018

Net sales amounted to 23,574 (13,994) TSEK in the first six months of 2018. Operating loss (profit) totaled -2,402 (825) TSEK, net financial items -131 (-153) TSEK and net loss (profit) -2,533 (672) TSEK. Of the total loss made in the first six months of 2018, only 34 % are attributable to the second quarter which confirms that earnings are growing according to plan.

## CASH FLOW

### April - June 2018

In the second quarter of the year, cash flow from operating activities amounted to 1,608 (412) TSEK. Cash flow from investing activities amounted to -5,169 (-3,596) TSEK in the same period, mainly attributable to Paxman US, Inc's purchases of scalp cooling systems from Paxman Coolers Ltd. The major part of these purchases is capitalized by Paxman US, Inc, as Paxman remains the owner throughout the operational lease period. Cash flow from financing activities totalled 1,345 (26,996) TSEK, the major part of which attributable to a bank overdraft facility in the parent company (2017: new share issue in connection with listing on Nasdaq First North). Total cash flow for the period April to June amounted to -2,216 (23,812) TSEK.

### January - June 2018

In the first six months of the year, cash flow from operating activities amounted to -1,475 (-1,485) TSEK. Cash flow from investing activities amounted to -8,898 (-4,214) TSEK in the same period. Cash flow from financing activities totalled 2,895 (29,210) TSEK, mainly attributable to a bank overdraft facility in the parent company (2017: new share issue). Total cash flow for the period January to June amounted to -7,478 (23,511) TSEK.

## FINANCIAL POSITION

The Group's total liabilities amounted to 15,121 (10,292) TSEK on 30 June 2018, of which 5,655 (2,654) TSEK interest bearing. The Group's net liquid assets on 30 June 2018 amounted to -4,776 (21,347) TSEK, of which 879 (24,001) TSEK were cash and cash equivalents. Of the 10 MSEK credit line secured earlier this year, 2,000 TSEK were utilized as of 30 June. The Group's shareholders' equity amounted to 30,150 (39,657) TSEK on 30 June, and its equity ratio was 66.4 (79.4) %.

## EMPLOYEES

As of 30 June 2018 the Group had a total of 37 employees, of whom 1 employed by the parent company PAXMAN AB, 29 by Paxman Coolers Ltd and 7 by Paxman US, Inc.

As of 30 June 2017 the Group had a total of 23 employees, of whom 1 employed by the parent company PAXMAN AB, 19 by Paxman Coolers Ltd and 3 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 comprised 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 are also the accounting and reporting principles used in the Group's first annual report.

This interim report has not been reviewed by the Group's auditors. PAXMAN's ambition is to adhere, to the extent possible, to the regulations of the Swedish Code of Corporate Governance. Thus, the interim report as of 30 September 2018 will be reviewed by the Group auditor.

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## 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.

Karlshamn, 30 August 2018

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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

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*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 08.00 CET on 30 August 2018.*





## CONSOLIDATED INCOME STATEMENT (CONDENSED)

TSEK	Apr – Jun 2018	Apr – Jun 2017	Jan – Jun 2018	Jan – Jun 2017	Jan – Dec 2017
Net sales	12,600	7,131	23,574	13,994	31,332
Capitalized expenses	2,876	1,480	5,586	1,480	4,953
<b>Total operating income</b>	<b>15,476</b>	<b>8,611</b>	<b>29,160</b>	<b>15,474</b>	<b>36,285</b>
Raw materials and consumables	-5,028	-3,061	-8,823	-4,830	-10,976
Other operating expenses	-5,492	-3,134	-11,775	-5,671	-18,035
Personnel costs	-4,717	-2,625	-8,961	-4,114	-12,472
Depreciation	-1,015	-34	-2,003	-34	-1,598
<b>Total operating costs</b>	<b>-16,252</b>	<b>-8,854</b>	<b>-31,562</b>	<b>-14,649</b>	<b>-43,081</b>
<b>Operating profit/loss</b>	<b>-776</b>	<b>-243</b>	<b>-2,402</b>	<b>825</b>	<b>-6,796</b>
<i>Operating margin</i>	<i>Neg</i>	<i>Neg</i>	<i>Neg</i>	<i>5.9 %</i>	<i>Neg</i>
Net financial items	-92	-152	-131	-153	-57
<b>Profit/loss after net financial items</b>	<b>-868</b>	<b>-395</b>	<b>-2,533</b>	<b>672</b>	<b>-6,853</b>
Tax	-	-	-	-	128
<b>Net profit/loss for the period</b>	<b>-868</b>	<b>-395</b>	<b>-2,533</b>	<b>672</b>	<b>-6,725</b>

## CONSOLIDATED BALANCE SHEET (CONDENSED)

TSEK	30 Jun 2018	30 Jun 2017	31 Dec 2017
<b>Assets</b>			
Intangible fixed assets	9,174	-	9,597
Tangible fixed assets	17,542	2,981	10,220
Financial fixed assets	49	95	47
<b>Total fixed assets</b>	<b>26,765</b>	<b>3,076</b>	<b>19,864</b>
Inventories	9,370	6,028	8,547
Current receivables	8,372	16,860	8,838
Cash and bank balances	879	24,001	8,357
<b>Total current assets</b>	<b>18,621</b>	<b>46,889</b>	<b>25,742</b>
<b>Total assets</b>	<b>45,386</b>	<b>49,965</b>	<b>45,606</b>
<b>Equity and liabilities</b>			
Shareholders' equity	30,150	39,657	32,766
Provisions for taxes	115	16	108
<b>Total provisions</b>	<b>115</b>	<b>16</b>	<b>108</b>
Liabilities to credit institutions	317	2,654	232
<b>Non-current liabilities</b>	<b>317</b>	<b>2,654</b>	<b>232</b>
Liabilities to credit institutions	5,338	-	2,528
Accounts payable	7,771	6,738	7,341
Other current liabilities	1,695	900	2,631
<b>Current liabilities</b>	<b>14,804</b>	<b>7,638</b>	<b>12,500</b>
<b>Total equity and liabilities</b>	<b>45,386</b>	<b>49,965</b>	<b>45,606</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONDENSED)

TSEK	Apr – Jun 2018	Apr – Jun 2017	Jan – Jun 2018	Jan – Jun 2017	Jan – Dec 2017
Cash flow from operating activities	1,608	412	-1,475	-1,485	-7,133
Cash flow from investing activities	-5,169	-3,596	-8,898	-4,214	-11,549
Cash flow from financing activities	1,345	26,996	2,895	29,210	26,549
<b>Cash flow for the period</b>	<b>-2,216</b>	<b>23,812</b>	<b>-7,478</b>	<b>23,511</b>	<b>7,867</b>
Cash and cash equivalents, opening balance	3,095	189	8,357	490	490
Cash and cash equivalents, closing balance	879	24,001	879	24,001	8,357

## CONSOLIDATED CHANGES IN EQUITY (CONDENSED)

TSEK	30 June 2018	30 June 2017	31 Dec 2017
<b>Opening balance as at 1 January</b>	<b>32,766</b>	<b>0</b>	<b>0</b>
Share capital paid in	-	50	50
New share issues	-	42,375	42,375
Direct issue costs	-	-3,076	-3,076
Translation gains/losses on consolidation	-83	-364	142
Profit/loss for the period	-2,533	672	-6,725
<b>Closing balance</b>	<b>30,150</b>	<b>39,657</b>	<b>32,766</b>

In the period to 31 December 2017, PAXMAN AB (publ) 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 2017, resulting in a total share capital increase of 15,962,500 SEK. There have been no new share issues in 2018.

## KEY RATIOS

	Apr – Jun 2018	Apr – Jun 2017	Jan – Jun 2018	Jan – Jun 2017	Jan – Dec 2017
Operating margin, %	Neg	Neg	Neg	Neg	Neg
Equity/assets ratio, %	66.4	79.4	66.4	79.4	71.8
Liquid assets, net (TSEK)	-4,776	21,347	-4,776	21,347	5,596
Market capitalization (TSEK)	421,129	168,131	421,129	168,131	312,244

## PARENT COMPANY INCOME STATEMENT (CONDENSED)

TSEK	Apr – Jun 2018	Apr – Jun 2017	Jan – Jun 2018	Jan – Jun 2017	Jan – Dec 2017
Other operating income	-	-	-	-	-
<b>Total operating income</b>	-	-	-	-	-
Other external costs	-412	-238	-710	-312	-835
Personnel costs	-284	-307	-594	-575	-1,011
<b>Total operating costs</b>	<b>-696</b>	<b>-545</b>	<b>-1,304</b>	<b>-887</b>	<b>-1,846</b>
<b>Operating profit/loss</b>	<b>-696</b>	<b>-545</b>	<b>-1,304</b>	<b>-887</b>	<b>-1,846</b>
<i>Operating margin</i>	-	-	-	-	-
Net financial items	-31	-39	13	-43	67
<b>Profit/loss after net financial items</b>	<b>-727</b>	<b>-584</b>	<b>-1,291</b>	<b>-930</b>	<b>-1,779</b>
Skatt	-	-	-	-	-
<b>Net profit/loss for the period</b>	<b>-727</b>	<b>-584</b>	<b>-1,291</b>	<b>-930</b>	<b>-1,779</b>

## PARENT COMPANY BALANCE SHEET (CONDENSED)

TSEK	30 June 2018	30 June 2017	31 Dec 2017
<b>Assets</b>			
Investments in Group companies	25,520	25,520	25,520
<b>Total fixed assets</b>	<b>25,520</b>	<b>25,520</b>	<b>25,520</b>
Receivables from Group companies	25,289	3,965	18,121
Other current receivables	673	188	344
Cash and bank balances	696	23,712	7,422
<b>Total current assets</b>	<b>26,658</b>	<b>27,865</b>	<b>25,887</b>
<b>Total assets</b>	<b>52,178</b>	<b>53,385</b>	<b>51,407</b>
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>	<b>49,847</b>	<b>51,932</b>	<b>51,138</b>
Other current liabilities	2,217	1,453	119
Accrued costs and prepaid income	114	-	150
<b>Total current liabilities</b>	<b>2,331</b>	<b>1,453</b>	<b>269</b>
<b>Total equity and liabilities</b>	<b>52,178</b>	<b>53,385</b>	<b>51,407</b>

## DATA PER SHARE

TSEK	Apr – Jun 2018	Apr – Jun 2017	Jan – Jun 2018	Jan – Jun 2017	Jan – Dec 2017
Earnings per share, SEK	-0.05	-0.03	-0.16	0.09	-0.56
Equity per share, SEK	1.88	2.48	1.88	2.48	2.05
Cash flow from operating activities per share, SEK	0.10	-0.17	-0.09	-0.19	-0.60
Share price on closing day	26.30	10.50	26.30	10.50	19.50
Number of shares on closing day	16,012,500	16,012,500	16,012,500	16,012,500	16,012,500
Number of shares, weighted average in the period	16,012,500	13,081,676	16,012,500	7,681,948	11,881,459

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.

## ADDITIONAL INFORMATION

### ABOUT PAXMAN

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 centres in Europe, North- and South America, Asia and Australia. More installs are added continuously.

With its more than 3,000 delivered systems to over 30 countries, PAXMAN has since established itself as the leading player in its field. Today, scalp cooling treatment has a strong clinical support and is a fully established therapy in, for example, the UK, Scandinavia, the Netherlands, Belgium, Australia and a number of other countries. A key market for PAXMAN is the USA where the company has been very successful following the FDA clearance in April 2017.

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 in its first version in 1996. Today, their son Richard Paxman is the CEO of PAXMAN, and their daughter Claire Paxman is also involved in the company.

In the last 25 years, PAXMAN has conducted extensive clinical trials and developed and refined a system that is today clinically proven, cost-effective and well-received by doctors, nurses and patients. The PAXMAN Scalp Cooling System is a self-contained, mobile, and electrically powered cooling unit to which a specially designed cooling cap is connected. 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 complete the scalp cooling process. PAXMAN's cooling cap is made from lightweight, biocompatible silicone that is soft and flexible, providing an optimal fit for the patient.

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## Current clinical studies and projects

PAXMAN regularly participates in clinical studies to improve the knowledge on how scalp cooling works in situations with different types of chemotherapy treatments, patient groups and patient specific parameters.

The company's scalp cooling is currently being evaluated in a study in Singapore with an Asian patient population, in a study in South Africa with African curly hair patients, in an Indian study with patients using combinatory chemotherapy treatments (anthracyclines and taxanes) and in two German

studies with patients in treatment for ovarian and breast cancer. All of these studies are expected to be completed by the end of 2018.

PAXMAN is also 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.

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## 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 centres was submitted in early April. Approval 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 first order for 17 systems to be installed at five cancer centers was confirmed in July 2018.

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## Specific target for 2018

PAXMAN's specific target for 2018 is to reach 50 MSEK in turnover, and to achieve a growth rate of at least 25 percent per year thereafter. Following the expanded FDA clearance, the company's volume target in the USA is to keep up the current high rate of expansion with 20 - 30 installed systems per month. By the end of 2018, PAXMAN will then have installed around 380 systems in the USA since the initial FDA clearance in April 2017.

The transition to a new business model where PAXMAN does not sell the capital equipment to 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, strong patient enrolments are expected for both existing and new installations, which will generate a substantial cash flow for the company.

With the funds from the 30.4 MSEK share issue in 2017, and a confirmed operating credit of 10 MSEK, PAXMAN has the financial strength required to reach a positive cash flow without additional capital injections. However, the company does not exclude more aggressive measures to boost its growth rate, should opportunities arise with the potential to create substantial value for the company's shareholders.

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## 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 - reached in Q2 2018
- Initiated market launch in Mexico with Teva - reached in early Q3 2018
- Update/decision on licensing agreements for additional markets
- Market approval in Japan (no later than early 2019)



The logo features the text '80:20/2020' in a bold, sans-serif font. The '80' is contained within a large orange circle, and the colon is positioned between the '80' and the '20'. The '2020' is to the right of the '20'.

# 80:20/2020

CHASING ZERO HAIR LOSS DURING CHEMOTHERAPY

## RISKS AND UNCERTAINTIES

Information on current risks and uncertainties, as well as on how the company acts to mitigate them, can be found in the annual report for 2017 (pages 39–41). An English translation of this segment is available upon request.

## 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](http://www.paxman.se) and is updated at the end of each quarter. As of 30 June 2018, the 15 largest shareholders held 89.1 % of all issued shares. On 30 June, PAXMAN had a total of 561 individual shareholders.

## ANNUAL GENERAL MEETING 2019

The next AGM of PAXMAN AB (publ) will be held in Karlshamn, Sweden, on 23 May 2019 at 15.00 hours. The AGM will be held in premises adjacent to the company's head office at Pirgatan 13, NetPort, Karlshamn.

## 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](http://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](mailto:info@paxmanscalpcooling.com)  
[www.paxmanscalpcooling.com](http://www.paxmanscalpcooling.com)  
[www.paxman.se](http://www.paxman.se)  
[www.paxmanUSA.com](http://www.paxmanUSA.com)

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

## FINANCIAL CALENDAR

Interim report as of 30 September 2018

Summarized financial statements as of 31 December 2018

Interim report as of 31 March 2019

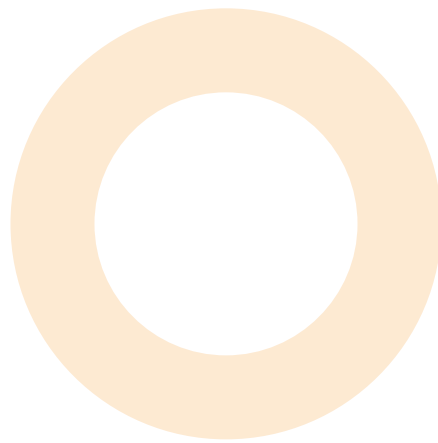
22 November 2018

27 February 2019

23 May 2019

PAXMAN's interim reports as well as its annual report for the financial year 2017 are available on [www.paxman.se](http://www.paxman.se). Here you also find PAXMAN's newsletter, published every second month.





**PAXMAN<sup>c</sup>**  
PIONEERS IN SCALP COOLING



**HONEYBADGER**  
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[www.hbadger.com](http://www.hbadger.com)



Chasing Zero Hair Loss During Chemotherapy.