

A dark blue world map is centered on the page, surrounded by a circular pattern of white-outlined circles of varying sizes. The circles are arranged in a way that they appear to be scattered across the map, with some overlapping the landmasses.

Q2

INTERIM REPORT
JUNE 30, 2022

PAXMAN^o
PIONEERS IN SCALP COOLING



Q2

INTERIM REPORT
JUNE 30, 2022

PAXMAN^o
PIONEERS IN SCALP COOLING

PAXMAN AB (PUBL)

INTERIM REPORT AS OF JUNE 30, 2022



Q2

Strong quarter with major global sales growth

- The Group's sales amounted to 35.9 (22.8) MSEK for the second quarter of the year.
- The Group's net result totaled 0.6 (-5.5) MSEK for the period April–June.
- EBITDA amounted to 0.3 (-0.5) MSEK for Q2.
- Earnings per share were 0.03 (-0.31) SEK for the second quarter of the year.
- Cash flow before financing activities was -3.1 (-6.8) MSEK for the second quarter.
- Net liquid assets totaled 43.1 (-3.8) MSEK at the end of the second quarter.
- A total number of 240 (222) scalp cooling systems were installed around the world in January–June 2022, with the order book containing an additional 214 number of systems.
- Average Daily Treatment Revenue (ADTR)* amounted to 25.7 thousand USD (253.5 TSEK) for Q2 2022, corresponding to an increase of 25 percent compared to 20.5 thousand USD (172.7 TSEK) for Q2 2021. The figures in SEK have been converted from USD according to the actual exchange rate during each period.
- Recurring income increased from 11.9 MSEK in Q2 2021 to 18.0 MSEK for the same period in 2022.

* ADTR includes pay-per-treatment revenue from patients and facilities in the United States. Lease revenue and disposable sales are not included.

Significant events during and after the reporting period...

DURING THE PERIOD

In early April, the company announced that a bill was introduced to the House in the USA to require coverage for scalp cooling under group health plans and group and individual health insurance coverage, specified Federal health care programs, and the Federal Employees Health Benefits Program. The bill would require all health insurers to provide coverage for scalp cooling treatments for the prevention of chemotherapy-induced alopecia for cancer patients. The next step for the bill is a vote by the full House Committee. It will then be considered by the Senate and in the House of Representatives. If passed, the bill will require final approval by the President before it is signed into law.

Later in April, Paxman announced that it signed a letter of interest with a plan to enter into a distribution and marketing agreement with Guangzhou Concord Medical Sci-Tech Innovation Center Co., Ltd. (Concord Medical), a business subsidiary of Concord Medical Services Holdings Limited (NYSE: CCM), to jointly develop the market for the Paxman Scalp Cooling System within the Greater China territory, including Macau, Taiwan and Mongolia. The initial collaboration is for a period of five years and will include an evaluation period of 24 months to treat up to 300 patients at Concord Medical's Guangzhou Concord Cancer Center (GCCC), a National Health Commission certified tertiary specialty hospital, situated in Sino-Singapore Guangzhou Knowledge City.

In May, Paxman announced that the company signed its first contract under the new business model in the USA with a comprehensive healthcare system in New Jersey, and that the company had launched its enhanced Paxman HUB services. Previously, in the U.S., scalp cooling has only been available to patients on a self-pay basis – to those who have the financial means to pay out-of-pocket, or those who qualify for foundation or grant assistance. Consequently, patient access to the treatment has been limited.

In May, Paxman hosted the world's first Scalp Cooling Summit, a global and first of its kind conference with leading researchers and clinicians. The Summit was a great success, with 50 speakers and over 1,400 delegates attending.

In June, the company announced that the American Medical Association (AMA) resolved to advocate for and seek through legislation and/or regulation, universal insurance coverage for scalp cooling therapy. At the annual meeting for its principal policy-making body House of Delegates (HOD), the AMA HOD approved two scalp cooling proposals put forward by New York to support a broad insurance coverage for scalp cooling.



AFTER THE PERIOD

In August, Paxman received notification of medical device regulatory clearance in both Colombia and Uruguay.

Paxman's exclusive distribution partner for the territory of Colombia, Rocol International SAS, received INVIMA Medical Device Regulatory Approval for Paxman Scalp Cooling from the Colombia National Food and Drug Surveillance Institute (Instituto Nacional de Vigilancia de Medicamentos y Alimentos or INVIMA). In Uruguay, Nelson Arcos S.A. received confirmation from the country's Ministry of Health for the product registration of Paxman Scalp Cooling. As one of the leading medical technology companies in the country, Nelson Arcos is excited to move forward with the marketing launch of the product in the coming weeks.

In August, the company also announced that the Centers for Medicare & Medicaid Services (CMS) in the United States proposed Medicare payment rates for hospital outpatient and Ambulatory Surgical Center (ASC) services. The calendar year 2023 Hospital Outpatient Prospective Payment System (OPPS) and ASC Payment System Proposed Rule is published annually and will have a 60-day comment period, which will end on September 13, 2022. The final rule will be issued in early November. The proposed policies will affect 3,411 US hospitals and approximately 5,500 ASCs. CMS publishes the proposed rule to meet the legal requirements to update Medicare payment policies for OPPS hospitals and ASCs on an annual basis.

I hope that all of our shareholders have enjoyed the summer and a much deserved break. As you will read throughout the report it has been a busy quarter and, in fact, a very busy first half of the year for Paxman. Net sales in Q2 2022 totalled 35.9 MSEK compared to 22.8 MSEK in Q2 2021, corresponding to a 58% increase in revenue, and our US revenue is up 21% compared to Q2 2021. This is an increase of 8 MSEK compared to the prior quarter, which is an impressive growth.

During the second quarter, both our UK and rest of world business performed incredibly well, with sales reaching 2.11 MGBP, a 25% increase compared to the prior quarter. More importantly, we saw a 39% increase from the prior quarter for our third party revenue, sales not including caps and equipment sold to the US entity. This is a 32% improvement compared to budget. Sales for the first half of the year amounted to 3.8 MGBP, an increase of 24% from the prior year. The company also has a strong order book – 166 systems have been installed or ordered including installs to date in Q3. To put this into perspective, we delivered 99 systems in Q1 and 141 in Q2.

Comment by the CEO

Richard Paxman, has been CEO for 8 years, helping to steer Paxman to be the global leaders and push the positions in several new markets.



In Q2, US patient income increased by 8% from Q1. Although our expectations were slightly higher, the company is still on budget. According to our budgets, we expected that our new buy and bill model would start generating revenue as early as January 2022, but in reality, the new business model was launched at the first customers in late May or early June. US sales for the first half of the year reached 3.31 MUSD, which is just below budget, but nearly 700 TUSD higher than the same period in 2021.

For Q2 2022, EBITDA was recorded at a profit of 336 TSEK. This compares to an EBITDA loss of -479 TSEK for Q2 2021. The company is of course affected to some extent by inflationary costs as well as supply chain issues, although gross margins have been maintained. Inflationary costs have been seen across the board, not only in our cost of sales. It is important to understand that significant investments have been made in the quarter, which will be discussed further.

Operating loss in Q2 was -3.9 MSEK. Operating earnings are of course also heavily impacted by depreciation, a consequence of significant investments in the US where the scalp cooling systems are reported as fixed assets in the Group's balance sheet of 32 MSEK. Included within the financial items is a currency gain of 4.7 MSEK, compared to a loss of -1.2 MSEK in Q2 2021, leaving a net profit of 600 TSEK for the quarter.



We have continued to invest in a number of business areas, not only to stimulate growth, but to be in a position to manage sustained growth. Investments have been focused on further reimbursement activities including finalising our Hub infrastructure, legal costs associated with this, strengthening our global marketing including the return of our physical presence at exhibitions, as well as continued and increased investments in research and development and clinical trials.

Our most important investment has been in our people, expanding our team in a number of parts of the organisation. In the first half of the year, we recruited 16 people, taking numbers to 73 across the business, not including any subcontractors used in Canada and the USA. Strengthened areas of the business include digital marketing, a growing and important field, international support to enhance our global growth, UK support to maintain our strong UK service levels, quality to support the increasingly complex regulatory environment, research and development for our exciting CIPN work among other projects, our purchasing department as we continue to strengthen our supply chain, and of course the USA. We have added 5 new employees to our strong US team, including field managers as well as personnel in market access and reimbursement in the first half of the year. In order to satisfy increased demand, investments have been made in further personnel in our production facility (3), as well as increased testing capability. Costs are now stabilised, and we should not expect to see larger recruitment drives for a period.

Although disappointed with the pace of adoption of the new buy and bill model, I was excited to announce that the largest US cancer centre signed a contract with Paxman to move to the new business model, soon followed by another large academic centre in North Carolina. This means that more than 15 locations will operate under the new model, with another location piloting a program. Although we have limited data to share at present, we are currently seeing positive coverage following benefit investigations. However, the key data point is claims data from the providers. We hope to have more information to share on this in the next quarterly report. Once we have clearer data, we are confident that more sites will adopt the new model.

The European Medical Device Regulation (MDR) is a new set of regulations that govern the production and distribution of medical devices in Europe, and compliance with the regulation is mandatory for medical device companies that want to sell their products on the European market. Paxman has passed the MDR QMS audit and has been given a positive recommendation for the MDR certification. This was a huge milestone on our route to MDR compliance. We are still under technical file review, which will be the final stage and should be complete by the end of the year.

Our CIPN development continues to build momentum. A pilot study has been conducted on 3 healthy volunteers and 15 cancer patients in the National University Hospital, Singapore, to assess safety, tolerability and early clinical efficacy of the Paxman Limb Cryocompression System (PLCS). Results from the pilot study have been positive – patients have reported efficacy of the PLCS in helping to prevent chemotherapy-induced peripheral neuropathy, and there have been no chemotherapy dose reductions due to the onset of CIPN in any of the 15 cancer patients. Moving forward, the study is entering the second expansion phase to recruit a larger patient population in preparation for plans to obtain Health Science Authority approval for the PLCS device in Singapore.

Paxman is also working to finalise its US clinical trial plans for its CIPN project in the form of a large randomised study with support funding.

On July 15, 2022, the Centers for Medicare & Medicaid Services (CMS) in the United States proposed Medicare payment rates for hospital outpatient

and Ambulatory Surgical Center (ASC) services. The calendar year 2023 Hospital Outpatient Prospective Payment System (OPPS) and ASC Payment System Proposed Rule is published annually and will have a 60-day comment period, which will end on September 13, 2022. The final rule will be issued in early November. The proposed rule includes a provision for scalp cooling supporting consistent use of the scalp cooling CPT code and APC rate, proposed and finalized within the OPPS rule for 2022. It is hoped that this proposed rule will be finalized in the final rule, which will be issued in early November 2022, effective for the 2023 calendar year.

With a substantial available cash balance in the business, a strong order book, costs now stabilised, and a positive EBITDA established, the company is now in a very good position to keep momentum throughout the year and 2023. With our newly launched buy and bill model we are also ready to see a return on our investments in the USA.

Finally, I would like to thank the Paxman team for your continued dedication to our vision and our investors for your commitment through these turbulent economic times.

With a substantial available cash balance in the business, a strong order book, costs now stabilised, and a positive EBITDA established, the company is now in a very good position to keep momentum throughout the year and 2023.

Huddersfield, August 2022,
Richard Paxman, CEO
 Paxman AB (publ)



NORTH AMERICA

The average patient utilisation for the quarter was 25.7 TUSD per day in Q2 2022, compared to 23.4 TUSD per day in Q1 2022 and 20.5 TUSD per day in Q2 2021. In Q2 2022, 39 systems were installed in 22 locations, with a total of 425 locations in 41 states now using the Paxman Scalp Cooling System. The company saw further expansion with new sites for Dana Farber Cancer Institute, Lifespan Cancer Institute and Texas Oncology and an introduction of scalp cooling into Nebraska. There are 71 systems on order in the USA, these include additional systems to existing sites as well as new locations. The new buy and bill model, which became available to use for customers in early May, is now up and running with 8 locations. The US's largest cancer centre location in Texas will go live in August, along with a large academic cancer centre in North Carolina and St Louis. Claims and appeals data will be critical to monitor and evaluate over the coming months.

The Canadian pilot is growing in momentum with sites including Princess Margaret Hospital, Mount Sinai, Sunnybrook and Markham Stouffville. Expectations are that more sites will open in Q3/Q4 in Toronto as well as ad hoc capital sales where a pay for use model is not economical. The investment is now at breakeven, enhancing overall recurring revenue for the company.

Market developments



REST OF THE WORLD

As previously noted, certain supply chain issues led to a slow start to the year. However, by mid Q2 the company had resolved some of these issues allowing for an increase in manufacturing to meet the growing demand. A total of 141 systems were sold and installed in Q2 2022 compared to 99 in Q1 2022. Brazil, India, The Netherlands and the UK were leading the way with orders.

The company also maintains a strong order book, including 214 systems of which 71 are to the USA. Key markets for Q3 include Australia, Brazil, Italy, Japan, the Netherlands and the UK. It is important to understand that in addition to systems on order for Japan, Paxman is also receiving recurring revenues from cap sales. Recurring revenue for the company reached 18 MSEK in Q2 2022, compared to 16.6 MSEK in Q1 2022 and 11.9 MSEK in Q2 2021. Paxman continues to focus on this growth where possible.

India continues to be a key focus for the company. Sales are minimal at present, but following a delegation of leaders from the private oncology sector in India to the UK where they met with CEO Richard Paxman, more engaged talks are being held to enhance this opportunity and capitalise on the growing oncology market in India, which will hopefully improve access for more patients.

The ongoing conflict in Ukraine as well as the potential concerns in Taiwan do not pose an immediate significant effect on the business operations however indirect effects continue to create inflationary and supply issues. Based on the company's strong operational team these are considered manageable and plans are in place to counteract effects where possible. The situation is continually monitored by the CEO and senior management team, and we are abiding by any government sanctions implemented.

Global conferences during the period

04. 02

Infinite Strength - An Evening in Pink

- Madison Beach Hotel, CT
- In person

04. 06-07

AFSOS - Référentiels en Soins Oncologiques de Support

- On-line
- Virtual

04. 09

Midwest Womens Cancer Conference

- Kansas City, MO
- Hybrid

04. 27-05. 01

ONS

- Anaheim, CA
- In person

05. 05

Scalp Cooling Summit

- On-line
- Virtual

05. 13

Sanford Health Cancer Symposium

- Sioux Falls, SD
- In person

05. 20

Art Bra Austin - Breast Cancer Resource Center of Texas

- JW Marriott, Austin
- In person

05. 24-25

Oncology Professional Care

- ExCel, London
- In person

06. 03-07

ASCO 2022

- McCormick Place, Chicago
- Hybrid

06. 24

Foundation4Love Gala (supporting New England Cancer Specialists)

- Kennebunkport, ME

06. 23-25

MASCC

- Westin Harbour Castle, Toronto
- In person

06. 24-26

Best of ASCO

- India
- In person

06. 30-07. 02

Deutsche Gesellschaft für Senologie

- Stuttgart
- In person

Global conferences after the period

07. 23-24

ASCO Direct Highlights,
Philadelphia

- Philadelphia
- In Person

08. 12

Metro Omaha Chapter ONS

- Omaha, Nebraska
- Hybrid

09. 02-03

ITQAN - Annual Breast
Cancer Conference

- Qatar
- Hybrid

09. 02-03

Suomen Onkologiayhdistys
(Oncology Days 2022)

- Helsinki
- In Person

09. 09-13

ESMO

- Paris, France
- In Person

09. 15

Leslie's Week -
Stage4change

- Pompton Plains, NJ
- Gala

09. 14-17

BC3 Conference (Medstar
Georgetown Uni Hosp)

- Renaissance Hotel,
Downtown Washington DC
- In Person

09. 18

Everyday Amazing Race (formerly
Hope Walks) Mass General &
Newton Wellesley Event

- Boston Esplanade
- In Person

09. 23

Henry Ford Multi Disc Breast
Oncology Symposium

- Edsel and Eleanor Ford
House, Grosse Pointe
Shores, MI 48236
- In Person

09. 24-25

Evolution (THC)

- Boston Westin Waterfront
- Hybrid



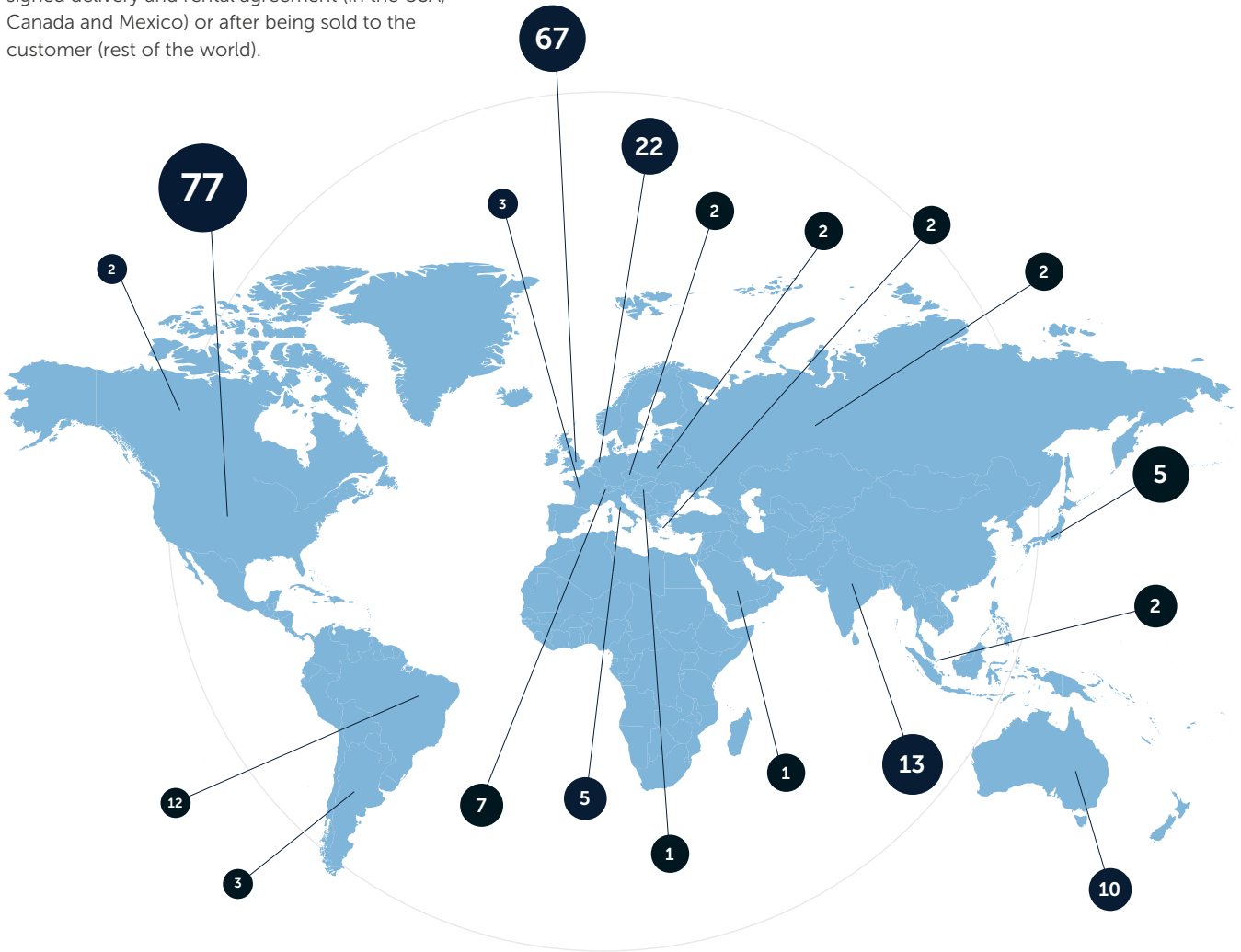
2022 ASCO[®]
ANNUAL MEETING

ADVANCE
THROUGH INNOVATION



Installed systems January–June 2022

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



| | | | |
|----------------|----|----------------|----|
| Argentina | 3 | Japan | 5 |
| Australia | 10 | Netherlands | 22 |
| Brazil | 12 | Poland | 4 |
| Canada | 2 | Russia | 2 |
| Czech Republic | 2 | Saudi Arabia | 1 |
| France | 3 | Singapore | 2 |
| Greece | 2 | Switzerland | 7 |
| Hungary | 1 | United Kingdom | 67 |
| India | 13 | USA | 77 |
| Italy | 5 | | |

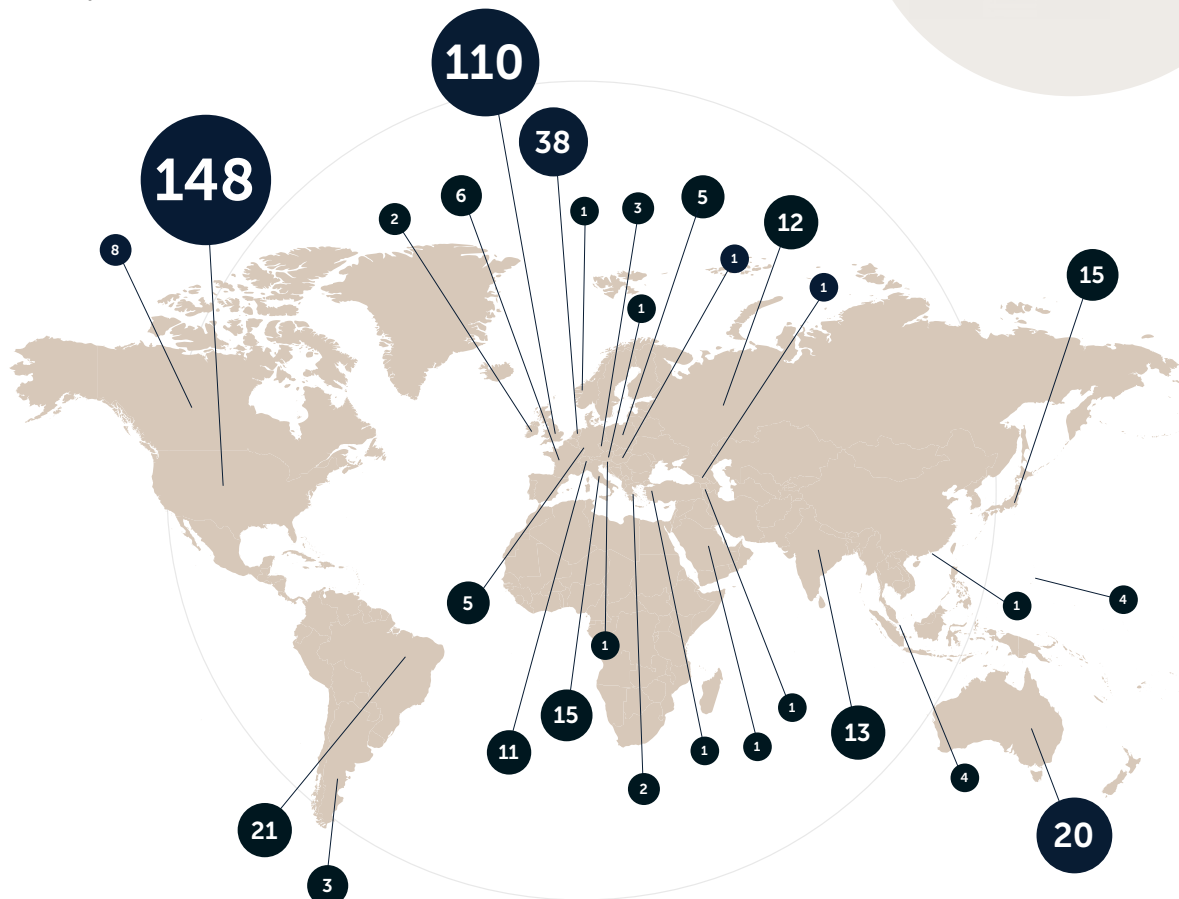
Total systems: 240



Installed systems January–June 2022

plus confirmed orders so far in 2022

The total number for the business operations so far in 2022 (up until August 18). This includes installed systems and confirmed orders that are yet to be installed.



| | | | | | |
|----------------|----|-------------------------|----|----------------|-----|
| Argentina | 3 | Greece | 2 | Poland | 5 |
| Armenia | 1 | Hong Kong | 1 | Russia | 12 |
| Australia | 20 | Hungary | 1 | Saudi Arabia | 1 |
| Austria | 1 | India | 13 | Singapore | 4 |
| Brazil | 21 | Ireland | 2 | Slovenia | 1 |
| Canada | 8 | Italy | 15 | Switzerland | 11 |
| Czech Republic | 3 | Japan | 15 | Turkey | 1 |
| France | 6 | Netherlands | 38 | United Kingdom | 110 |
| Georgia | 1 | Northern Marina Islands | 4 | USA | 148 |
| German | 5 | Norway | 1 | | |

Total systems: 454

Comments to the financial statements

Sales and earnings

Net sales in Q2 2022 totalled 35.9 MSEK, compared to 22.8 MSEK in Q2 2021. This corresponds to a 58% increase in revenue. US revenue is up 21% compared to Q2 2021. While the company is still experiencing some effects relating to its supply chain, efforts are ongoing to strengthen the supply chain to reduce this risk going forward.

For Q2 2022, EBITDA was recorded at a profit of 336 TSEK. This compares to an EBITDA loss of -479 TSEK for Q2 2021. This is due to significant investments made during the quarter relating to the increased personnel headcount to support the continued growth, research and development, exhibitions, marketing, reimbursement and investment in the company's working environment, which can be seen in the increase in external costs. It is also noteworthy that the company has been affected by increasing inflationary costs.

The operating loss for Q2 was -3.9 MSEK. Operating earnings are also heavily impacted by depreciation, a consequence of strong investments in the US where the scalp cooling systems are reported as fixed assets in the Group's balance sheet of 32 MSEK.

Included within the financial costs is a currency gain of 4.7 MSEK, compared to a loss of -1.2 MSEK in Q2 2021.

There have been no transactions with related parties during the reporting period.

Cash flow

The increased activity towards the end of the quarter led to the operational cash inflow in Q2 of 9.2MSEK, due to the trade growth.

Financial position

The group's liabilities decreased to 45.6 (58.9) MSEK per 30 June, of which 13.7 (38.8) MSEK is interest bearing. The interest bearing liabilities will continue to be reduced.

Cash on hand increased to 56.8 MSEK from 35 MSEK in Q2 2021.

Employees

As of 30 June 22, the Group had a total of 73 employees, 1 by Paxman AB 61 by Paxman Coolers Ltd and 11 by Paxman US, Inc. As of 30 June 2021, the Group had a total of 59 employees, of whom 1 employed by Paxman AB, 51 by Paxman Coolers Limited and 7 by Paxman US, Inc.



AFFIRMATION

Paxman AB (publ)'s Board of Directors and C.E.O. hereby assure that these summarized financial statements give a true and fair view of the Group's operations, financial position and performance.

Karlshamn, 24 August 2022

Paxman AB (publ)

| | |
|-----------------------------|----------------------------------|
| Per-Anders Johansson | Chairman of the Board |
| Maria Bech | Director 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 |

**For further information, please contact
Richard Paxman, CEO, PAXMAN AB (publ)**

Tel +44 7968 020641

richard@paxmanscalpcooling.com

This is information that Paxman AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, and will be published on 24 August 2022.

Parent company

Paxman AB (publ) is the parent company of the Paxman Group. Its operations include Group functions such as finance, legal and communications, as well as sales in Scandinavia. The parent company has its headquarters in Karlshamn, in the south of Sweden.

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 annual report. No adjustments have been made to these accounting principles since Paxman's latest annual report was published.

This interim report has not been reviewed by the Group's auditors.

Consolidated income statement (condensed)

| TSEK | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Jun 2022 | Jan–Jun 2021 | Jan–Dec 2021 |
|--|----------------|----------------|----------------|----------------|-----------------|
| Net sales | 35,893 | 22,758 | 63,837 | 43,615 | 96,202 |
| Capitalized expenses | 2,653 | 2,586 | 4,361 | 4,635 | 8,506 |
| Total operating income | 38,546 | 25,344 | 68,198 | 48,250 | 104,708 |
| Raw materials and consumables | -14,314 | -10,761 | -25,634 | -19,002 | -40,190 |
| Other operating expenses | -11,776 | -7,538 | -22,644 | -14,794 | -29,083 |
| Personnel costs | -12,120 | -7,524 | -22,467 | -14,524 | -32,553 |
| Total operating costs | -38,210 | -25,823 | -70,745 | -48,320 | -101,826 |
| EBITDA | 336 | -479 | -2,547 | -70 | 2,882 |
| Depreciation | -4,221 | -3,340 | -8,231 | -6,099 | -13,469 |
| Operating profit/loss | -3,885 | -3,819 | -10,778 | -6,169 | -10,587 |
| Net financial items | 4,514 | -1,585 | 5,217 | 37 | -2,083 |
| Profit/loss after net financial items | 629 | -5,404 | -5,561 | -6,132 | -12,670 |
| Tax | -29 | -65 | -45 | -65 | -106 |
| Net profit/loss for the period | 600 | -5,469 | -5,606 | -6,197 | -12,776 |

Consolidated balance sheet (condensed)

| TSEK | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Dec 2021 |
|-------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Intangible fixed assets | 18,529 | 13,797 | 16,364 |
| Tangible fixed assets | 43,254 | 33,147 | 35,886 |
| Financial fixed assets | 7,265 | 6,056 | 6,426 |
| Total fixed assets | 69,048 | 53,000 | 58,676 |
| Inventories | 19,369 | 14,847 | 18,111 |
| Current receivables | 21,111 | 17,237 | 17,288 |
| Cash and bank balances | 56,848 | 34,993 | 72,266 |
| Total current assets | 97,328 | 67,077 | 107,665 |
| Total assets | 166,376 | 120,077 | 166,341 |
| Equity and liabilities | | | |
| Shareholders' equity | 119,745 | 60,429 | 125,755 |
| Total equity | 119,745 | 60,429 | 125,755 |
| Provisions for taxes | 958 | 710 | 939 |
| Total provisions | 958 | 710 | 939 |
| Liabilities to credit institutions | 5,069 | 26,887 | 5,826 |
| Non-current liabilities | 5,069 | 26,887 | 5,826 |
| Liabilities to credit institutions | 8,652 | 11,927 | 11,328 |
| Accounts payable | 19,611 | 13,750 | 16,506 |
| Other current liabilities | 12,341 | 6,374 | 5,987 |
| Current liabilities | 40,604 | 32,051 | 33,821 |
| Total equity and liabilities | 166,376 | 120,077 | 166,341 |

Consolidated statement of cash flows (condensed)

| TSEK | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Jun 2022 | Jan–Jun 2021 | Jan–Dec 2021 |
|--|---------------|---------------|----------------|---------------|---------------|
| Cash flow from operating activities | 9,212 | -2,070 | 5,782 | -6,607 | -4,792 |
| Cash flow from investing activities | -12,338 | -4,694 | -17,765 | -11,121 | -23,796 |
| Cash flow from financing activities | -1,999 | 2,101 | -3,434 | 49,144 | 97,277 |
| Cash flow for the period | -5,125 | -4,663 | -15,417 | 31,416 | 68,689 |
| Cash and cash equivalents, opening balance | 61,974 | 39,656 | 72,266 | 3,577 | 3,577 |
| Cash and cash equivalents, closing balance | 56,848 | 34,993 | 56,848 | 34,993 | 72,266 |

Consolidated changes in equity (condensed)

| TSEK | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Dec 2021 |
|--|----------------|---------------|----------------|
| Opening balance as of 1 January | 125,755 | 10,889 | 10,889 |
| New share issue | - | 58,560 | 135,560 |
| Share issue costs | - | -2,928 | -7,206 |
| Translation gains/losses on consolidation | -640 | -131 | -1,184 |
| Equity-settled share-based payment transaction | 236 | 236 | 472 |
| Profit/loss for the period | -5,606 | -6,197 | -12,776 |
| Closing balance | 119,745 | 60,429 | 125,755 |

Key ratios

| TSEK | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Jun 2022 | Jan–Jun 2021 | Jan–Dec 2021 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating margin, % | Neg | Neg | Neg | Neg | Neg |
| EBITDA (TSEK) | 336 | -479 | -2,547 | -70 | 2,882 |
| Equity/assets ratio, % | 72.0% | 50.3% | 72.0% | 50.3% | 75.6% |
| Liquid assets, net (TSEK) | 43,127 | -3,821 | 43,127 | -3,821 | 55,112 |
| Market capitalization (TSEK) | 872,674 | 947,553 | 872,674 | 947,553 | 1,235,813 |

Parent company income statement (condensed)

| TSEK | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Jun 2022 | Jan–Jun 2021 | Jan–Dec 2021 |
|--|---------------|---------------|---------------|---------------|---------------|
| Net sales | 714 | - | 736 | - | 219 |
| Other operating income | - | - | - | - | 25 |
| Total operating income | 714 | - | 736 | - | 244 |
| Raw materials and consumables | -271 | - | -280 | - | - |
| Other external costs | -935 | -944 | -1,871 | -1,975 | -3,526 |
| Personnel costs | -257 | -159 | -529 | -247 | -890 |
| Total operating costs | -1,463 | -1,103 | -2,680 | -2,222 | -4,416 |
| EBITDA | -749 | -1,103 | -1,944 | -2,222 | -4,172 |
| Depreciation | -6 | - | -6 | - | -8 |
| Operating profit/loss | -755 | -1,103 | -1,950 | -2,222 | -4,180 |
| Net financial items | 280 | -117 | 534 | -415 | -496 |
| Profit/loss after net financial items | -475 | -1,220 | -1,416 | -2,637 | -4,676 |
| Tax | - | - | - | - | - |
| Net profit/loss for the period | -475 | -1,220 | -1,416 | -2,637 | -4,676 |

Parent company balance sheet (condensed)

| TSEK | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Dec 2021 |
|--|----------------|----------------|----------------|
| Assets | | | |
| Tangible fixed assets | 50 | - | 62 |
| Investments in Group companies | 26,937 | 26,465 | 26,701 |
| Total fixed assets | 26,987 | 26,465 | 26,763 |
| Receivables from Group companies | 81,211 | 53,233 | 67,677 |
| Other current receivables | 1,550 | 1,017 | 1,151 |
| Cash and bank balances | 53,656 | 32,526 | 69,419 |
| Total current assets | 136,417 | 86,776 | 138,247 |
| Total assets | 163,404 | 113,241 | 165,010 |
| Equity and liabilities | | | |
| Shareholders' equity | 162,645 | 92,907 | 163,825 |
| Total equity | 162,645 | 92,907 | 163,825 |
| Liabilities to credit institutions (non-current liabilities) | - | 19,667 | - |
| Total long-term liabilities | - | 19,667 | - |
| Liabilities to credit institutions | - | - | - |
| Other current liabilities | 310 | 597 | 404 |
| Accrued costs and prepaid income | 449 | 70 | 781 |
| Total current liabilities | 759 | 667 | 1,185 |
| Total equity and liabilities | 163,404 | 113,241 | 165,010 |

Data per share

| | Apr–Jun 2022 | Apr–Jun 2021 | Jan–Jun 2022 | Jan–Jun 2021 | Jan–Dec 2021 |
|---|--------------|--------------|--------------|--------------|--------------|
| Earnings per share, SEK ¹⁾ | 0.03 | -0.31 | -0.29 | -0.36 | -0.73 |
| Earnings per share, SEK, diluted ²⁾ | 0.03 | -0.31 | -0.29 | -0.36 | -0.73 |
| Equity per share, SEK ¹⁾ | 6.30 | 3.43 | 6.30 | 3.43 | 6.61 |
| Cash flow from operating activities per share, SEK ¹⁾ | 0.48 | -0.12 | 0.30 | -0.38 | -0.27 |
| Share price on closing day, SEK | 45.9 | 53.8 | 45.9 | 53.8 | 65.0 |
| Number of shares on closing day | 19,012,500 | 17,612,500 | 19,012,500 | 17,612,500 | 19,012,500 |
| Number of shares on closing day, diluted ²⁾ | 19,080,978 | 17,680,978 | 19,080,978 | 17,680,978 | 19,080,978 |
| Number of shares, weighted average in the period | 19,012,500 | 17,612,500 | 19,012,500 | 17,212,500 | 17,470,833 |
| Number of shares, weighted average in the period, diluted ²⁾ | 19,080,978 | 17,680,978 | 19,080,978 | 17,280,978 | 17,539,311 |

1) 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.

2) As of June 30, 2022, the company had an outstanding option program, aimed at employees at the subsidiary Paxman Coolers Limited in Huddersfield. The decision to issue warrants was made at the Annual General Meeting on May 23, 2019, and the warrants were issued immediately thereafter. A total of 68,478 warrants have been issued, with the accompanying right to subscribe for a maximum of 68,478 new shares in the company.

The options entitle the holders to subscribe for shares from and including June 2020 and up to and including June 2029, at a subscription price of SEK 65.37 per share. Upon full utilization, the dilution effect amounts to 0.4% of the total number of shares in the company. The warrants have been issued free of charge and the benefit has thus, in accordance with current accounting principles, been valued at market value. In total, Paxman Coolers Ltd's personnel costs will thus be charged with SEK 1.4 million over three years (without any cash flow effect), with the last adjustment date being June 30, 2022.

OTHER INFORMATION

About Paxman

Paxman develops and offers the Paxman Scalp Cooling System, a market leading scalp cooling system used to minimise hair loss in connection with chemotherapy treatment.

Presently, the system is used at a large number of cancer centers and hospitals in Europe, North-, Central- and South America, Asia and Oceania, and more installs are added continuously. The company is also developing a medical cooling and compression device to prevent nerve damage in hands and feet in connection with chemotherapy (CIPN).

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

Today, Glenn and Sue's son Richard Paxman is the CEO of Paxman, and their daughter Claire Paxman holds the position as the company's Brand Ambassador & Director of Global Training. Their understanding of how important it is for cancer patients to keep their hair, and thereby a certain amount of control over their daily lives, is reflected in all of Paxman's business operations. The company's vision is to make the technology available for all cancer patients worldwide.

During the last decades, Paxman has invested substantially in research and development, and then also on a target-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 randomised multicenter study with a scalp cooling system.



Research and development

Paxman is committed to an ambitious research and development program, allowing the company to continuously refine the efficiency and user-friendliness of its scalp cooling system. Since the beginning of 2019, a portable compression and cooling product is also under development. This product is aimed at preventing chemotherapy-induced peripheral neuropathy (CIPN), a related indication causing chronic nerve damage in hands and feet.

A significant share of Paxman's research and development program is conducted in collaboration with a multidisciplinary research team at the University of Huddersfield. The research team has expert knowledge in relevant areas, including biological and chemical research on hair follicles and product development. In February 2019, the collaboration was formalised into the Paxman Scalp Cooling Centre, the world's first multidisciplinary research centre focused on scalp cooling.

During the first five years, the parties will invest a total of 12 MSEK in liquid funds, personnel, and other resources in the centre. Paxman's investment during the first year was covered by a partly EU-funded grant of 1.2 MSEK. In 2021, a further 600,000 GBP (7.1 MSEK) grant was awarded to the centre.

Paxman's research collaboration agreement with National University Hospital, Singapore for the development of a portable cooling and compression device to prevent CIPN continued to achieve substantial progress in 2021. In May, the project received a research grant of 1.57 million SGD from National Research Foundation (NRF) in Singapore. Thereafter, a clinical trial was initiated with National University Hospital, Singapore, in collaboration with The N.1 Institute for Health, National University of Singapore to evaluate the system with healthy volunteers and cancer patients. This pilot trial in Singapore has now completed recruitment, and data should be available by Q4 2022, however we expect to expand the study to include additional sites in Singapore. A larger randomized phase 3 efficacy study is being planned to open in the USA. The data from the trials will be used in regulatory documentation to support the cryo-compression system as a new medical device, initially in Singapore, and then the United States.

“The company’s vision is to make the technology available for all cancer patients worldwide.”

Clinical studies and collaborations

Paxman's scalp cooling is continuously evaluated with different types of chemotherapy treatments and patient groups in order to gain further knowledge and improve the treatment effect. Some of the studies that were active during the period or saw results published in 2021.

Large open randomized breast cancer trial in South Korea

An open label randomized controlled trial of Paxman's PSCS system with chemotherapy-induced alopecia in breast cancer patients was initiated in South Korea in December 2020. The trial will study stage I-III breast newly diagnosed cancer patients, aged 20-69 who will receive Adriamycin and/or Taxane as neoadjuvant or adjuvant treatment.

Paxman, along with their partner TPC (part of the Nokwon Group) will continue to collaborate closely with the study's principal investigator Jin Seok Ahn, MD, PhD and its co-principal investigator Juhee Cho, PhD of the prestigious Samsung Medical Center, during the trial period. Patient recruitment began in November 2020. Publication of the data from the trial is planned for early 2023.

The primary objective of the trial is to demonstrate that the PSCS system is effective in reducing permanent chemotherapy-induced alopecia in women with breast cancer undergoing neoadjuvant or adjuvant chemotherapy. The demonstration that the PSCS is effective in reducing distress due to chemotherapy-induced alopecia and increasing quality of life in women with breast cancer undergoing neoadjuvant or adjuvant chemotherapy is the important secondary objective.

Study with 100 participants in Hong Kong

In December 2020, the "Alopecia Prevention Scalp Cooling in Chinese Breast Cancer Patients" study was initiated at the Prince of Wales Hospital, Hong Kong and is expected to be concluded towards the end of 2023. The trial will aim to enrol 100 patients and measure the success rate of scalp cooling, the rate of perceived hair preservation, quality of life, and the incidence of treatment-emergent adverse events of scalp cooling.

Additionally, the ongoing independent trial "Scalp Cooling in Gynecologic Cancer Patients" continues at the University of Hong Kong, Queen Mary Hospital. This trial will measure levels of anxiety / depression, quality of life, incidence and grading of CIA, and incidence and grading of treatment-related adverse events. Mid-2022 is the anticipated end date.

Clinical studies and collaborations, cont.

Clinical study in Japan shows strong scalp cooling efficacy in Asian patients

In the middle of 2020, data from a clinical prospective study at the Shikoku Cancer Center concluded that efficacy in Asian breast cancer patients is comparable to Caucasian patients. This is an important finding following weaker data for Asian patients that was published in 2019. The article is available to read online. The study included 143 female breast cancer patients with an average age of 50 who planned to receive (neo) adjuvant chemotherapy. Its primary aim was to evaluate patients with grade 3 alopecia (>50%) and use of a wig one month after chemotherapy.

The author followed up with these patients, and in 2021 further data was published in the Supportive Care in Cancer Journal in a publication named 'Prospective study of hair recovery after (neo)adjuvant chemotherapy with scalp cooling in Japanese breast cancer patients (Ohsumi et al 2021)'.

In this study, all the women were assessed for the following year and it was found that objective hair regrowth was better at all time points for the SC group compared to the control. For the patient's own (subjective) assessment of hair regrowth, this was significantly better after SC at 4 and 7 months. In addition, the objective increase in the rate of hair growth in the SC group occurred in both those that experienced Grade 3 alopecia 1 month after treatment and those that did not, thus scalp cooling could reduce hair follicle damage even in those who suffer Grade 3 alopecia. This theory is supported by the fact that the study also showed that persistent alopecia, defined as hair loss at 13 months, occurred in 1.4% of the SC group compared to 18.4% in the control group.

The first clinical data report of scalp cooling in Argentina

Paxman's distribution partner in Argentina, Xeikon DIAGNO SA, has been working closely with the prestigious The Sanatorio Parque, Rosario, in the Province of Santa Fe on the first clinical data report of scalp cooling in Argentina, which is now published.

The overall success rate in the prevention of chemotherapy-induced alopecia was 78% in the population analysed, being 90% with taxanes, 71% with anthracycline-taxane and almost 61% with taxanes-platinum and dose-dense anthracyclines / taxanes. The most common adverse events were headache and chills, while no serious adverse effects were recorded. 11.4% of the patients discontinued the scalp cooling treatment program due to intolerance.

First non-cancer scalp cooling study in pediatric patients

In February 2021, Paxman announced that the "Pilot Study of Cold Cap Therapy for Prevention of Hair Loss in Pediatric Patients Receiving Chemotherapy for Non-Malignant Indications" will be the first study undertaken with Paxman in pediatric patients, and also the first-time scalp cooling has been investigated as a therapy for the prevention of hair loss for patients receiving chemotherapy for non-malignant indications. High dose conditioning chemotherapy and subsequent hematopoietic stem cell transplant (HSCT) has been associated with permanent chemotherapy induced alopecia. The incidence of permanent alopecia ranges from 0.9% to 43% in adults and 24% in pediatric patients.

The primary aim of the study is to assess the safety and feasibility of the use of scalp cooling in pediatric and young adult patients receiving chemotherapy for non-malignant disorders. Comparisons will be made of hair loss experienced by the scalp-cooled patients receiving chemotherapy and those patients who do not use scalp cooling during their chemotherapy treatment. The incidence and intensity of chemotherapy induced hair loss in patients receiving chemotherapy for non-malignant conditions who have used a scalp-cooling device will also be assessed.

The recruitment of up to 40 participants will begin in mid-March with an anticipated primary end date of December 2024. Conclusion of the study is expected by the end of 2025.

Assessing the impact of scalp cooling in connection with metastatic breast cancer

November saw the opening of a new clinical trial at the Dana Farber Cancer Institute. This is a prospective, controlled, pivotal clinical investigation to assess the efficacy of the Paxman Scalp Cooling System (PSCS) at preventing hair loss in women undergoing treatment for metastatic breast cancer with Sacituzumab govitecan (IMMU-132 or Trodelvy™), trastuzumab deruxtecan (DS-8201a or Enhertu®), or Eribulin (Halaven®). 40 participants will be recruited into each treatment arm. In each treatment arm, 20 participants will receive scalp cooling and 20 participants will receive no scalp cooling, for a total of 120 participants. Hair loss and quality of life (QOL) will be measured in participants at baseline, C3D1, and C5D1 by CTCAE criteria.



Reimbursement and related activities

Paxman is working intensely with specialised reimbursement consultants to influence major insurance companies and decision-making bodies. These include the AMA, and in October 2020 Paxman was able to announce that the AMA will implement a specific CPT code for scalp cooling that was available to use in July 2021. The company was also engaged in efforts to include scalp cooling in the NCCN's national cancer care guidelines in the USA, which was achieved in March 2019. In March 2020, NCCN included scalp cooling in their guidelines for ovarian cancer, fallopian tube cancer and primary peritoneal cancer. At the beginning of January, it was announced that the AMA has issued two separate CPT® codes for the "mechanical scalp cooling". The CPT® Category III codes are 0662T and 0663T, and they came into effect on July 1, 2021. These achievements are expected to quickly and efficiently increase the number of patients offered access to scalp cooling. Additionally, Paxman is supporting initiatives to promote legislation on the state level which makes it mandatory for health care plans to cover scalp cooling costs.

As Paxman announced in its 2 November, 2021 press release, the Centers for Medicare & Medicaid Services (CMS) issued its Medicare CY 2022 Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems

and Quality Reporting Programs Final Rule ("HOPPS Final Rule"). In this HOPPS Final Rule, CMS announced that it was reassigning CPT code 0662T, which is for "Scalp cooling, mechanical; initial measurement and calibration of cap," to a higher reimbursement Ambulatory Payment Classification for hospitals. Hospitals, as of 1 January 2022 can bill for their services of "Scalp cooling, mechanical; initial measurement and calibration of cap" once per chemotherapy treatment period using CPT Code 0662T and they should be reimbursed under APC 1520 at a rate of 1,850.50 USD with 80% being paid by Medicare and 20% being paid by the patient. In May 2022, Paxman launched its new buy and bill business model in the USA. This is an important step to allow the billing of CPT codes and reimbursement. The company has also launched its patient assistance program to ensure that there is an equitable approach to providing care across the USA.

In addition to promoting payer coverage, Paxman is also supporting other initiatives to finance scalp cooling for patients who are unable to pay for their own treatment. This includes a close collaboration with HairToStay, an organisation that contributes financially to patients who cannot afford to pay for scalp cooling themselves. In honour of Sue Paxman, the parties have started a separate fund in her name specifically aimed at mothers with very low income.

General 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 is the superior global market leader with over 4,400 sold and/or installed systems in Europe, North-, Central- and South America, Asia and Oceania. In addition to the United States, Asia is becoming an increasingly important region for Paxman, with Japan as the single leading market. Paxman received market approval (Shonin) in Japan for use in connection with treatment of solid tumours like breast cancer in March 2019, and extensive marketing activities were then initiated together with the distributor CMI. 50 systems were delivered to Japan in 2019, and when the coronavirus situation is under control the company sees great potential to deliver continued strong sales in Japan in the coming years. In addition to Japan, Paxman is already established in additional Asian markets such as India, Malaysia, Singapore and Pakistan, and the company has signed a letter of interest with Concord Medical for a possible market launch on the very large Chinese market.

To further increase the global growth rate, Paxman's commercialisation strategy for 2022 focuses on strengthening the company's sales organization with direct presence as well as new and established distribution partners in key regional markets including China, India, Europe and the Middle East, supported by enhanced marketing support based in the UK. Paxman will also advance the company's reimbursement strategy in the USA, capitalising on the recent positive CPT III code publication, and continue to invest in its R&D pipeline.

Paxman will also continue the transition from selling equipment to clinics to the new business model that generates income for each treatment. The business model is fully implemented in the United States, and a similar model is used in Mexico in collaboration with the licensing partner Teva, as well as in Canada. A modified model is used in Japan where the company sells scalp cooling systems to the distributor and receives payment for each personal cooling cap sold. This model is also gradually implemented in additional markets when the company is able to start offering its latest PSCS model.

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 2021 (pages 51-53). An English translation of this segment is available upon request.

The share

The Paxman share is listed on Nasdaq First North Growth Market since 12 June 2017. The share's trading name is PAX, its ISIN code SE0009806284 and its LEI code 5493000T2V7Q4IDX8X68. The share capital in the company amounted to SEK 19,012,500 split on 19,012,500 shares on June 30, 2022, each with a quota value of SEK 1. Paxman has only one class of shares.

Ownership structure

A list of Paxman's 10 largest shareholders is available on www.paxman.se and is updated at the end of each quarter. As of 30 June 2022, the 10 largest shareholders held 74.63% of all issued shares. At this time, Paxman had a total of 1,192 individual shareholders.

Annual general meeting 2023

The next AGM of Paxman AB (publ) will be held in Karlshamn, Sweden, on 24 May 2023 at 15:00 CEST. The AGM will be held in premises adjacent to the company's head office at Pirgatan 13, NetPort, Karlshamn.

Nomination committee

For the 2023 AGM, the Nominating Committee will be appointed during the autumn of 2022 based on the 5 largest shareholders on the last business day of September 2022. For the 2022 AGM, the Nominating Committee was comprised of the following three members:

- Lene Håkansson, representing Björn Littorin
- Glenn Paxman, Board member and majority shareholder
- Roger Johansson, Committee Chairman representing CIMON Venture Trust AB

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

Corporate information

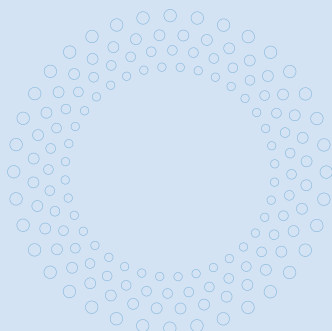
Paxman AB (publ), corporate identity number 559079-3898, has its statutory seat in Karlshamn, Sweden, at Pirgatan 13, SE-374 35 KARLSHAMN. Production and sales are carried out by the UK subsidiary Paxman Coolers Limited, International House, Penistone Road, Fenay Bridge, HD8 0LE Huddersfield, United Kingdom. The Group also has a subsidiary in the US; Paxman US, Inc, based in Houston, Texas. Paxman Coolers Limited and Paxman US, Inc are both wholly owned subsidiaries of Paxman Group Limited, in its turn a fully owned subsidiary of Paxman AB (publ).

info@paxmanscalpcooling.com
www.paxmanscalpcooling.com
www.paxman.se
www.coldcap.com

Paxman AB (publ) has appointed FNCA Sweden AB its Certified Adviser. FNCA can be reached at +46 (0)8 – 528 003 99 or email info@fnca.se.

TOGETHER,
WE CAN MAKE
A DIFFERENCE





FINANCIAL CALENDAR

| | | |
|--|--|------------------|
| Interim report as of 30 September 2022 | | 18 November 2022 |
| Year end report 2022 | | 24 February 2023 |
| Interim report as of 31 March 2022 | | 24 May 2023 |

Paxman's interim reports and annual reports
are available on www.paxman.se.

Here you will also find Paxman's newsletter,
published on a monthly basis.

A dark blue world map is centered in the background of the page. The map shows the outlines of continents and oceans in a slightly lighter shade of blue.

PAXMAN^o
PIONEERS IN SCALP COOLING



paxmanscalpcooling.com

scalpcoolingstudies.com

coldcap.com

paxman.se