



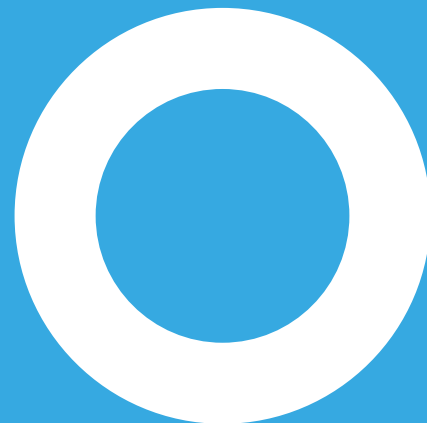
**INTERIM REPORT
AS OF DECEMBER 31**

2020

Paxman AB (publ)

Fourth quarter

2020



Solid quarter despite the pandemic with promising US net sales growth

- The Group's sales amounted to 18.2 (22.8) MSEK for the fourth quarter of the year. For the period January–December, sales were 78.0 (85.3) MSEK.
- The Group's net result totaled -11.0 (2.1) MSEK for the period October–December, and the year-to-date result as of 31 December was -19.2 (2.8) MSEK.
- EBITDA amounted to -3.3 (-0.3) MSEK for Q4, and to -1.0 (2.4) MSEK for the period January–December.
- Earnings per share were -0.69 (0.13) SEK for the fourth quarter of the year, and -1.2 (0.17) SEK for the period January–December.
- Cash flow before financing activities was -2.7 (-2.1) MSEK for the fourth quarter. For the full year 2020, the corresponding figure was -14.8 (-22.8) MSEK.
- Net liquid assets totaled -44.6 (-29.9) MSEK at year-end.
- A total number of 345 scalp cooling systems were installed around the world in 2020, with the order book containing an additional 126 number of systems.



Significant events during the reporting period

- In October, The South Korean Ministry of Food and Drug Safety (MFDS) granted approval for an open label randomized controlled trial of Paxman's PSCS system with chemotherapy-induced alopecia in breast cancer patients in South Korea at the prestigious Samsung Medical Center. The open label randomized controlled trial will study stage I-III breast newly diagnosed cancer patients, aged 20-69 who will receive Adriamycin or/and Taxane as neoadjuvant or adjuvant treatment. Patient recruitment began in November 2020, with 100 patients anticipated to join the trial in the first year.
- In late October, Paxman announced that the American Medical Association (AMA) CPT (Current Procedural Terminology) Editorial Panel has decided to establish a category III code for mechanical scalp cooling. This move by the AMA is significant for cancer chemotherapy patients across the United States, and it is anticipated to strongly reinforce scalp cooling as a signifier of high-quality cancer care for healthcare providers and ensure strong expansion of patient access. Providers and other healthcare stakeholders may anticipate new CPT code(s) for scalp cooling to be effective for use on July 1, 2021.
- In the beginning of December, Paxman announced that the company's distributor in Italy, Praesidia s.r.l, has placed an order for 10 PSCS2 model Paxman Scalp Cooling systems to fulfil demand for scalp cooling from Institute G. Pascale in Naples. The hospital will become a new user of Paxman Scalp Cooling and the 10 devices, which each treat 2 patients simultaneously, will allow their clinical teams to offer scalp cooling to all appropriate cancer patients.

- In mid-December, it was announced that the leading European professional organisation for medical oncology, ESMO, has updated its clinical practical guidelines to include a category IIB recommendation for scalp cooling to prevent hair loss in chemotherapy patients. The adoption of this recommendation follows the US National Comprehensive Cancer Network® (NCCN®) Clinical Practice Guidelines in oncology for breast cancer (Version 1.2019) update in 2019 to include scalp cooling as a Category 2A recommendation, and subsequently the Clinical Practice Guidelines in oncology for Ovarian Cancer, Fallopian Tube Cancer and Primary Peritoneal Cancer (Version 1.2020) along with the updated 'Guidance for the management of early breast cancer' by Cancer Australia earlier this year.

Significant events after the reporting period

- At the beginning of January, Paxman announced that the American Medical Association (AMA) has issued two separate CPT® codes for the "mechanical scalp cooling". The CPT® Category III codes are 0662T and 0663T, and they will come into effect on July 1, 2021.
- At the beginning of February, Paxman announced that the company's Board of Directors, based on the authorization from the annual general meeting on 27 May 2020, has resolved on a directed issue of 1,600,000 shares at a subscription price of SEK 36.60 per share. Through the share issue, the company receives approximately SEK 59 million before transaction costs. The subscribers in the share issue are the reputable institutional investors Creades AB (publ) and Alcur Fonder.

Comment by the CEO

2020 has brought so many challenges for all of us in so many ways. I am confident that we as a company have entered into 2021 stronger than we have ever been, with a very positive outlook for many reasons. Our sacrifices and resilience has made this a reality.

While the overall environment remains challenging due to the sustained impact of the COVID-19 pandemic, we are pleased to report that our revenue for the fourth quarter is up from the previous quarter by 4%, with strong revenues from our US entity. Our year-to-date revenues exceeded our expectations at the end of the year. Even though we have seen a slowdown of 13% in our rest-of-the-world activity compared to 2019, our US entity provided a healthy 9.4% growth from 2019. Paxman's performance during this challenging year reflects strong relationships with our growing customer base, as well as the returns from our strategic investments in the USA.

Costs in Q4 2020 ran higher than in previous quarters, with specific reference to raw materials, consumables and service. As older generations of the Paxman Scalp Cooling System have now come to the end of their serviceable life, the company took a decision to write off obsolescent service stock in relation to these systems. We expect to see an improvement in our margins in 2021. We also saw reductions in grant funding through the furlough scheme, as well as increased working hours in preparation for our growth strategy in 2021. Year-to-date costs were only marginally higher than 2019, with a large part being depreciation.

Operating profit and EBITDA for the quarter was affected by these lower margins, but this trend is not expected to continue. Financial costs of 2.5 MSEK and forex losses of 5.8 MSEK for the year provide a further impact, but as per previous reports we are not concerned about the forex losses at present and are confident in reductions in the financial costs following the recent share issue.

We took the decision to reduce costs where we could in 2020, but not at the expense of our patients and also not at the cost of our future strategy in terms of US insurance coverage and research and development.

Our continued investment into reimbursement activities in the USA has resulted in the encouraging official news that the AMA issued CPT® Category III codes for mechanical scalp cooling. This important decision is expected to facilitate a further expansion of patient access to Paxman Scalp Cooling. These CPT codes, combined with the extensive work the company is doing in the area of reimbursement, will expand patient access and enable oncology facilities to appropriately provide this solution to their patients, who would otherwise potentially suffer from the devastating side effect of chemotherapy-induced hair loss. This is a business catalyst for the company, and an important access strategy for the patients we serve.

Our R&D program forged ahead in 2020, with strong progress both in the future of scalp cooling and within the equally important development of a miniature cryocompression device used for the prevention of chemotherapy-induced peripheral neuropathy, a debilitating clinical unmet need and a market potential as great as chemotherapy-induced hair loss. Our total R&D investments amounted to 4 MSEK in 2020. An important point to make is that ASCO's Report on Progress Against Cancer highlights the most important clinical research



advances of the past year, while also identifying priority areas where ASCO believes research efforts should be focused moving forward. This year's report highlights the importance of reducing adverse consequences of cancer treatment. Advances in cancer treatment have resulted in a record number of cancer survivors—more than 15.5 million in the United States at present. Many survivors face acute and chronic consequences of cancer, including pain and adverse effects of cancer therapies—such as peripheral neuropathy, cognitive impairment, and cardiotoxicity—that affect quality of life and pose a substantial burden, not only to patients but also to the healthcare system. Identifying strategies to minimize cancer-associated pain and treatment effects is an urgent area of research and a key focus for Paxman in 2021.

I was incredibly proud to announce that Paxman received approximately 59 MSEK before transaction costs through the recent share issue, and we are delighted to welcome two reputable institutional investors Creades AB (publ) and Alcur Fonder. The main objective of the capital raise was to strengthen our financial position while continuing to execute our commercialisation strategy. 2021 will focus on strengthening our sales organization with direct presence as well as new and established distribution partners in key regional markets including in China, India, Europe and the Middle East, supported by enhanced marketing support based in the UK. We 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 our R&D pipeline. Finally, we will make sure that our loans and credits are reduced and therefore benefit from reduced financial costs.

This is an exciting investment that ensures that Paxman has the stability and catalyst for further growth in 2021. We could not have gotten to where we are without the dedication of our senior leaders and their teams here at Paxman. I appreciate each and every one of them for their continued strength and dedication throughout this turbulent year. We look forward to an exciting 2021.

Huddersfield, February 2021,

A handwritten signature in black ink, appearing to read 'R. Paxman'.

Richard Paxman, CEO
Paxman AB (publ)

MARKET DEVELOPMENTS

Europe

The United Kingdom continued to perform well in Q4 2020, in both the public and the private sector. During the full year of 2020, well over 70 systems have been sold to this market. The UK is still the gold standard for scalp cooling in the world, with over 98% of the public and private sector offering Paxman Scalp Cooling. This represents the potential Paxman has globally.

The Netherlands and France also performed well in Q4 2020. Highlighting the importance of Europe for Paxman, we saw strong sales during 2020 from France, Italy, the Netherlands and Switzerland. This growth was supported by the recent adoption of scalp cooling in cancer guidelines. The European Society for Medical Oncology (ESMO), the leading professional organisation for medical oncology, has updated its Clinical Practice Guidelines for Dermatological Toxicities Related to Anticancer Agents to include the recommendation of scalp cooling for the prevention of chemotherapy-induced alopecia (CIA) as a Category IIB recommendation. Clinical Practice Guidelines effectively determine standards of care around the world, and this adoption by ESMO will work towards a positive change in the supportive cancer care landscape. Understanding the importance of Europe is key to our future strategy, with the hiring of Paxman's first European Regional Manager being a part of our global growth plans.

Asia

Japan was the company's best performing Asian market in 2020, even though sales were somewhat lower than anticipated due to the Covid-19 pandemic. Further focus is required in this region, which will be supported not only by further growth in Japan but additional energy in India, with the hiring of our India Regional Manager, along with a revitalisation of our China market entry strategy. In early December, a randomised controlled clinical trial in breast cancer patients using the Paxman Scalp Cooling System was initiated at the Samsung Medical Centre, Seoul, South Korea with support from Paxman's regional partner TPC Korea (Nokwon). Paxman's partner is currently working on product registration.

South America

Although the Latin American markets have been considerably affected by the Covid-19 pandemic, the company's partners remain positive with a strong outlook for 2021. Brazil performed relatively well in 2020, but more importantly this market has shown a strong start to the year with orders placed for Q1 2021. Paxman's partner in Brazil has historically shown strong results in the private sector, but has recently started to also work with the public healthcare sector. Furthermore, Paxman is in talks in a number of Latin American markets with the aim to expand its presence throughout 2021.

Promising start in 2021

Paxman has seen an overall promising international start in the first half of Q1 2021, with orders from Italy, Russia, Brazil, France, Poland, India, the Netherlands, Norway and the UK.

Exhibitions and conferences

Paxman will continue to support global exhibits and conferences virtually throughout 2021 until the global pandemic is under control. The company continues to learn new ways of communicating digitally with its stakeholders, and its efforts are proving successful.

Paxman attended multiple virtual conferences in Q4 2020, including UKONS, San Antonio Breast Cancer Symposium and London Global Cancer Week.

In 2021, the company has already attended Best of Breast, SABC Highlights at Fox Chase, and the International Conference on Cancer Nursing as well as commitments for Miami Breast Cancer Conference, St Gallen Breast Cancer Conference and AFIC, the French nursing association, all in the first quarter of the year.

Installed systems January–December 2020

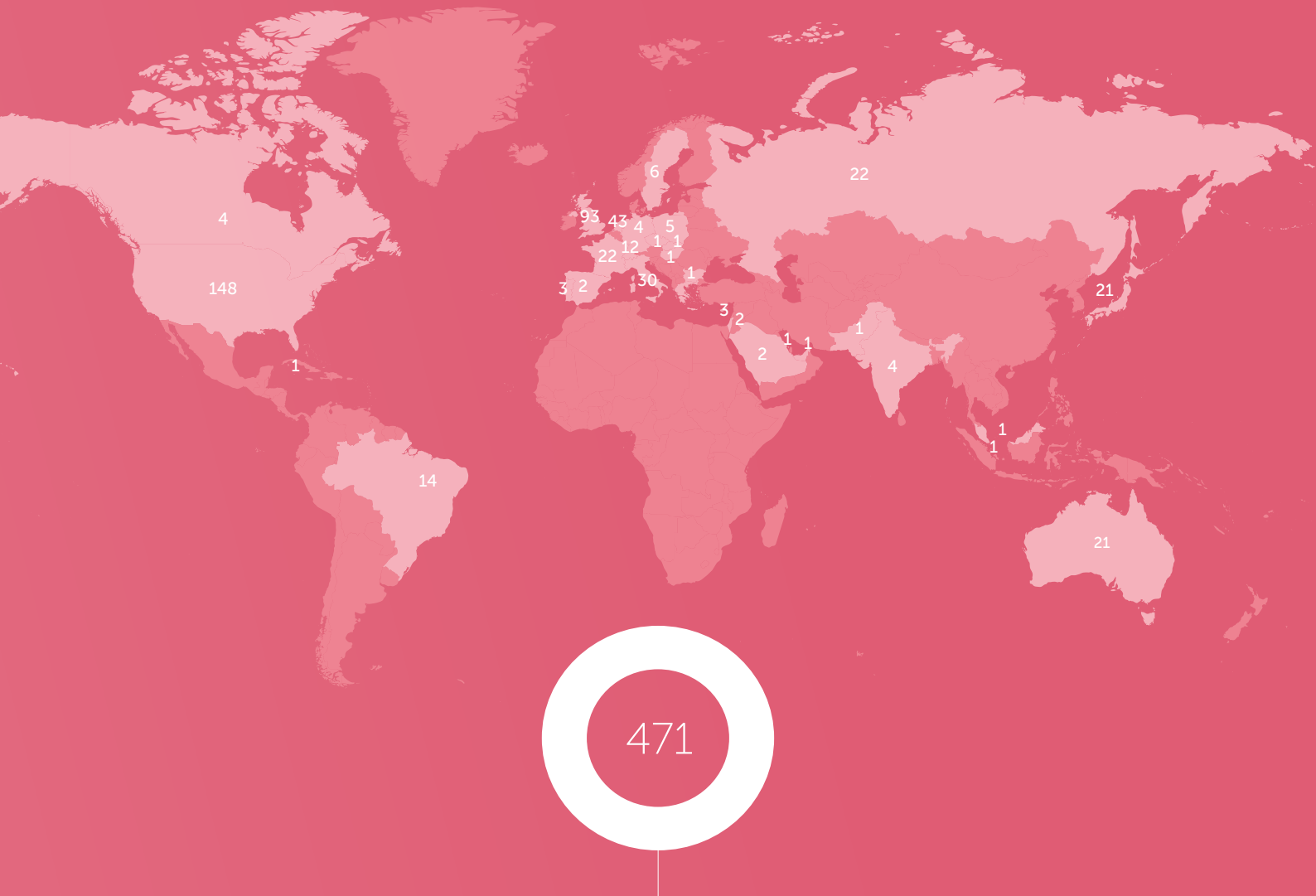
The systems are installed on-site following a signed delivery and rental agreement (in the USA and in Mexico) or after being sold to the customer (rest of the world).



Australia	11	Greece	1	Portugal	3
Bahrain	1	Hungary	1	Russia	12
Brazil	8	India	3	Saudi Arabia	2
Canada	1	Israel	1	Singapore	1
Cayman Islands	1	Italy	20	Slovakia	1
Cyprus	3	Japan	21	Spain	2
Czech Republic	1	Malaysia	1	Sweden	5
France	19	Netherlands	33	Switzerland	12
Germany	4	Pakistan	1	United Arab Emirates	1
Great Britain	74	Poland	4	USA	97
				Total	345

Installed systems January–December 2020 + confirmed orders so far in 2021

The total number for the business operations so far for the full year of 2020 and so far in 2021 up until February 25, 2021. This includes installed systems and confirmed orders that are yet to be installed.



471

Australia	21	Greece	1	Portugal	3
Bahrain	1	Hungary	1	Russia	22
Brazil	14	India	4	Saudi Arabia	2
Canada	4	Israel	2	Singapore	1
Cayman Islands	1	Italy	30	Slovakia	1
Cyprus	3	Japan	21	Spain	2
Czech Republic	1	Malaysia	1	Sweden	6
France	22	Netherlands	43	Switzerland	12
Germany	4	Pakistan	1	United Arab Emirates	1
Great Britain	93	Poland	5	USA	148
				Total	471

COMMENTS TO THE FINANCIAL STATEMENTS

Sales and earnings

Net sales in Q4 2020 totalled 18.3 MSEK, a decline of 20% compared to Q4 2019. The revenue within the UK entity continued to be the most affected by Covid-19. As per previous quarters, the majority of the company's global partners have been affected, seeing restrictions in access to site, freezes on all capital expenditure non-pandemic related and reductions in cancer patient diagnosis.

However, improvements are starting to be seen despite the Covid-19 constraints, with income in the United States showing an increase of 9% compared to the same period in 2019. As a result of a strong first quarter and an increase in US revenues, the difference for the full year of 2020 compared to 2019 was just -8%, from 85.2 to 78.1 MSEK. Furthermore, Paxman is also starting to see improvements in the UK in Q1 2021, despite the existing Covid-19 restraints.

EBITDA amounted to -3.3 MSEK for Q4 2020, compared to -273 TSEK for the same period in 2019. This is partly due to non-recurring stock write offs, as well as reductions in the use of the job retention scheme in the UK, and additional working hours for staff preparing for the revised growth plans. As in previous quarters, there is a high level of depreciation and amortisation in relation to the continued investments in the US. EBITDA for the full year of 2020 amounted to -1.0 MSEK, compared to 2.4 MSEK for the same period in 2019.

The operating result for Q4 2020 amounted to -6.6 MSEK. For the full year of 2020, the operating result amounted to -11.7 MSEK compared to -6.0 MSEK for 2019. Operating earnings are of course 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 26 MSEK. Since the interim report for Q2 2020, the company has changed the categorisation of the net currency exposure of intercompany items, from being presented as other external costs to being presented as net financial items. Comparative figures have also been recalculated. The reason for this recategorisation is that the intercompany items are not considered to be operating items. Comparative figures for key ratios and data per share have also been recalculated.

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

Cash flow

While the operating cash flow in Q4 2020 was negatively affected by the factors mentioned earlier, it amounted to -1.7 MSEK compared to -3.9 MSEK for Q3 2020. The cost of new funding constitutes a significant difference compared to the previous period. Conversely, cash flow from investing activities has decreased significantly due to a conscious strategic decision to maintain cash levels in light of the current economic situation.

Financial position

The group's total liabilities amounted to 65.4 (56) MSEK on 31 December, of which 48.2 (31.5) MSEK is interest bearing. The increase was as a result of the additional credit line secured in 2020 with significant credit still available to fund the additional growth in the US market, and the additional funding in the UK to support businesses affected by the Covid-19 pandemic.

Employees

As of 31 December 2020, the Group had a total of 50 employees, of whom 43 employed by Paxman Coolers Ltd and 7 by Paxman US, Inc.

As of 31 December 2019, the Group had a total of 48 employees, of whom 1 employed by the parent company PAXMAN AB, 40 by Paxman Coolers Ltd and 7 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.

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 annual report was published.

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, 25 February 2021

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)

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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 12.00 CET on 26 February 2021.

Consolidated income statement (condensed)

TSEK	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Net sales	18,263	22,808	78,053	85,279
Capitalized expenses	1,512	3,492	5,084	10,391
Total operating income	19,775	26,300	83,137	95,670
Raw materials and consumables	-9,939	-8,642	-32,449	-31,631
Other operating expenses	-8,293	-11,761	-30,098	-37,347
Personnel costs	-4,851	-6,170	-21,635	-24,254
Total operating costs	-23,083	-26,573	-84,182	-93,232
EBITDA	-3,308	-273	-1,045	2,438
Depreciation	-3,256	-2,428	-10,645	-8,398
Operating profit/loss	-6,564	-2,701	-11,691	-5,960
Net financial items	-5,420	-649	-8,405	3,286
Profit/loss after net financial items	-11,983	-3,350	-20,096	-2,674
Tax	930	5,456	910	5,430
Net profit/loss for the period	-11,054	2,106	-19,186	2,756

Consolidated balance sheet (condensed)

TSEK	31 Dec 2020	31 Dec 2019
Assets		
Intangible fixed assets	12,424	12,329
Tangible fixed assets	29,498	33,917
Financial fixed assets	5,777	6,547
Total fixed assets	47,699	52,793
Inventories	13,746	11,861
Current receivables	11,989	18,716
Cash and bank balances	3,577	1,603
Total current assets	29,312	32,180
Total assets	77,011	84,973
Equity and liabilities		
Shareholders' equity	10,889	28,361
Total equity	10,889	28,361
Provisions for taxes	667	663
Total provisions	667	663
Liabilities to credit institutions	17,430	14,108
Non-current liabilities	17,430	14,108
Liabilities to credit institutions	30,800	17,344
Accounts payable	10,957	19,895
Other current liabilities	6,268	4,602
Current liabilities	48,025	41,841
Total equity and liabilities	77,011	84,973

Consolidated statement of cash flows (condensed)

TSEK	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Cash flow from operating activities	-1,675	5,165	-8,483	-1,362
Cash flow from investing activities	-1,034	-7,327	-6,320	-20,827
Cash flow from financing activities	272	3,064	16,777	23,344
Cash flow for the period	-2,437	902	1,974	1,155
Cash and cash equivalents, opening balance	6,014	701	1,603	448
Cash and cash equivalents, closing balance	3,577	1,603	3,577	1,603

Consolidated changes in equity (condensed)

TSEK	Jan–Dec 2020	Jan–Dec 2019
Opening balance as of 1 January	28,361	25,394
Translation gains/losses on consolidation	1,242	-25
Equity-settled share-based payment transaction	472	236
Profit/loss for the period	-19,186	2,756
Closing balance	10,889	28,361

Key ratios

TSEK	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Operating margin, %	Neg	Neg	Neg	Neg
EBITDA (TSEK)	-3,308	-273	-1,045	2,438
Equity/assets ratio, %	14.1	33.4	14.1	33.4
Liquid assets, net (TSEK)	-44,653	-29,849	-44,653	-29,849
Market capitalization (TSEK)	406,718	960,750	406,718	960,750

Parent company income statement (condensed)

TSEK	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Other operating income	-	-	-	-
Total operating income	-	-	-	-
Other external costs	-1,364	-530	-3,110	-2,110
Personnel costs	-	-273	-512	-1,355
Total operating costs	-1,364	-803	-3,622	-3,465
Operating profit/loss	-1,364	-803	-3,622	-3,465
Net financial items	-515	-240	-1,662	-620
Profit/loss after net financial items	-1,879	-1,043	-5,284	-4,085
Tax	-	-	-	-
Net profit/loss for the period	-1,879	-1,043	-5,284	-4,085

Parent company balance sheet (condensed)

TSEK	31 Dec 2020	31 Dec 2019
Assets		
Investments in Group companies	26,228	25,756
Total fixed assets	26,228	25,756
Receivables from Group companies	46,867	45,901
Other current receivables	654	564
Cash and bank balances	50	50
Total current assets	47,571	46,515
Total assets	73,799	72,271
Equity and liabilities		
Shareholders' equity	39,675	44,487
Total equity	39,675	44,487
Liabilities to credit institutions (non-current liabilities)	9,480	13,740
Total long-term liabilities	9,480	13,740
Liabilities to credit institutions	23,840	13,640
Other current liabilities	136	182
Accrued costs and prepaid income	668	222
Total current liabilities	24,644	14,044
Total equity and liabilities	73,799	72,271

Data per share

	Oct–Dec 2020	Oct–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Earnings per share, SEK ¹⁾	-0.69	0.13	-1.20	0.17
Earnings per share, SEK, diluted ²⁾	-0.69	0.13	-1.20	0.17
Equity per share, SEK ¹⁾	0.68	1.77	0.68	1.77
Cash flow from operating activities per share, SEK ¹⁾	-0.10	0.32	-0.53	-0.08
Share price on closing day, SEK	25.40	60.00	25.40	60.00
Number of shares on closing day	16,012,500	16,012,500	16,012,500	16,012,500
Number of shares on closing day, diluted ²⁾	16,080,978	16,080,978	16,080,978	16,080,978
Number of shares, weighted average in the period	16,012,500	16,012,500	16,012,500	16,012,500
Number of shares, weighted average in the period, diluted ²⁾	16,080,978	16,080,978	16,080,978	16,080,978

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 December 31 2020, Paxman had one warrant commitment in force, an employee option plan for employees in the subsidiary Paxman Coolers Ltd in Huddersfield. The option plan was approved by the AGM held on 23 May 2019, and the warrants were issued shortly thereafter. In all, 68,478 warrants were issued, each with a right to subscribe for one share in Paxman AB.

The exercise period runs from June 2020 to June 2029, with the exercise price corresponding to 65.37 SEK per share. By full exercise of the warrants, the dilution effect from the new shares will correspond to approximately 0.4% of the total number of now outstanding shares in the company. The warrants were issued at no consideration.

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 Director of Strategic Initiatives. 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 is covered by a partly EU-funded grant of 1.2 MSEK.

In 2020, Paxman's research collaboration agreement with National University Hospital, Singapore for the development of a portable cooling and compression device to prevent CIPN saw major progress. The CIPN device is well on its way to becoming an alpha prototype, and Paxman is hoping to have at least 20 machines ready in 2021 for clinical trials in Singapore. 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, closely followed by Europe and then the United States. The company was also excited to present Prof. Charles Loprinzi from the Mayo Clinic, Rochester, USA as a new member of Paxman's advisory board. Prof. Loprinzi is one of the world's top key opinion leaders in the CIPN field and the first author of the ASCO 2020 CIPN guidelines.

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 will be available to use in the beginning of 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 will come 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.

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.

In 2020, the company strengthened its position as the superior global market leader with 345 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 including 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 is also evaluating various options for a market launch on the very large Chinese market.

To further increase the global growth rate, Paxman's commercialisation strategy for 2021 will focus on strengthening the company's sales organization with direct presence as well as new and established distribution partners in key regional markets including in 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. 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.

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 2019 (pages 43-45). 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 549300OT2V7Q4IDX8X68. The share capital in the company amounted to SEK 16,012,500 split on 16,012,500 shares on December 31, 2020, 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 31 December 2020, the 10 largest shareholders held 78.60% of all issued shares. At this time, Paxman had a total of 963 individual shareholders.

Annual general meeting 2021

The next AGM of Paxman AB (publ) will be held in Karlshamn, Sweden, on 26 May 2021 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 2021 AGM, the following three members have been appointed to the Nominating Committee:

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

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

Corporate information

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

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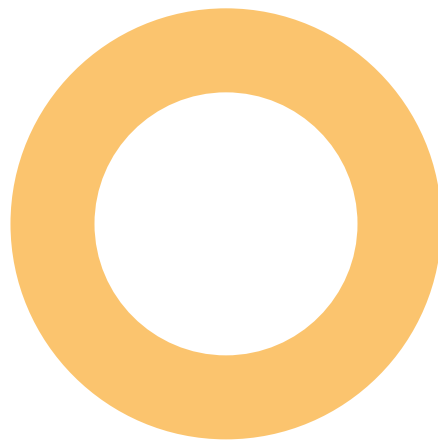
Paxman AB (publ) has appointed FNCA Sweden AB its Certified Adviser. FNCA can be reached at +46 (0)8 – 528 003 99 or email info@fnca.se.

Financial calendar

The Annual report for 2020 is published		7 May 2021
Interim report as of 31 March 2021		26 May 2021
Annual General Meeting 2021		26 May 2021
Interim report as of 30 June 2021		27 August 2021
Interim report as of 30 September 2021		19 November 2021

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.





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This report was created by Paxman together with the IR communication firm **Honeybadger**.

www.honeybadger.se



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