



# INTERIM REPORT AS OF SEPTEMBER 30

## 2021

# Paxman AB (publ)

## Third quarter

## 2021



### Continued net sales recovery with strong international sales

- The Group's sales amounted to 23.3 (17.7) MSEK for the third quarter of the year.
- For the first nine months of the year, sales were 66.9 (59.8) MSEK.
- The Group's net result totaled -5.2 (-4.2) MSEK for the period July-September, which resulted in a total net result of -11.3 (-8.1) MSEK for the first nine months of the year.
- EBITDA amounted to -1.3 (-0.1) MSEK for the period July-September, and to -1.4 (6.5) MSEK for the first nine months of the year.
- Earnings per share were -0.30 (-0.26) SEK for the period July-September, and -0.66 (-0.51) for the three quarters of the year.
- Cash flow before financing activities was -6.1 (-3.7) MSEK for the period July-September and -23.8 (-12.1) MSEK for the three quarters of the year.
- Net liquid assets totaled -9.9 (-41.9) MSEK at the end of the period.
- A total number of 303 scalp cooling systems were installed around the world in the first nine months of the year, with the order book containing an additional 135 systems.
- Average Daily Treatment Revenue (ADTR) amounted to 20.96 TUSD (181.27 TSEK) for Q3 2021, corresponding to an increase of 58.9% compared to 13.19 TUSD (117.12 TSEK) for Q3 2020. The figures in SEK have been converted from USD according to the actual exchange rate during each period.
- Recurring income increased from 9.3 MSEK in Q3 2020 to 13.6 MSEK for the same period in 2021.

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

*Comparative figures for 2020 were affected by precautionary measures implemented by the company to reduce the effects of the COVID-19 pandemic, and governmental support programs were available to utilise.*



## Significant events during the reporting period

- Despite the holiday season, Paxman announced in the August newsletter that the company had strong order and installation activity in July. Many important orders and installations were received and executed by Paxman's distribution partners in many parts of the world, including Brazil, the Czech Republic, France, India, Israel, Puerto Rico, Spain and Sweden. The same newsletter also announced the majority of new orders and installations in the UK, as well as in the US. Even at the end of the period, the company reported continued strong international activity with orders and installations around the world.
- During the period, the company also announced that they were reopening their operations in Canada. The company and its distributors have encountered a number of obstacles in the Canadian market over the years, which led to the company leaving the market in 2019. During the pandemic, an in-depth review was conducted to understand how the company could best overcome these obstacles. As a result, the company restarted its operations in Canada, this time with a more direct approach. This new business model is similar to the one applied in the US - which provides recurring revenue directly from the patient.
- In September, the company announced that testing of Paxman's CIPN system on healthy volunteers will begin in Singapore, as part of the CIPN project run in conjunction with the National University of Singapore (NUS).

## Significant events after the reporting period

- In November, Paxman announced that the US Centers for Medicare & Medicaid Services (CMS) has reassigned payment for scalp cooling for Medicare claims filed using CPT code 0662T to New Technology APC 1520 with a National Average Payment of 1,850.50 USD, effective January 1, 2022. An Ambulatory Payment Classification (APC) is the US government's method of paying healthcare facilities for outpatient services for the Medicare programme. The new payment assignment enables facility reimbursement under the Medicare Hospital Outpatient Prospective Payment System (OPPS).
- In November, the company announced the opening of a clinical trial with National University Hospital, Singapore, in collaboration with The N.1 Institute for Health, National University of Singapore. The trial, "A Novel Limb Cryocompression System for Prevention of Chemotherapy Induced Peripheral Neuropathy", is now listed on ClinicalTrials.gov – a database of privately and publicly funded clinical studies conducted around the world. The study aims to investigate the safety and tolerability of limb cryocompression in preventing of Chemotherapy-induced Peripheral Neuropathy (CIPN) via the newly developed Paxman Cryocompression System (PCCS) in healthy subjects and cancer patients. The study is estimated to start in November, with the completion date estimated to be September 2023. A larger randomized phase 3 efficacy study is being planned to be opened in the second half of 2022.

## Comment by the CEO

As we head into the final months of the year, I think it is important to acknowledge how far we have come since this time last year and what we continue to achieve. Although we are by no means out of the pandemic, with uncertainty still affecting the work many of us do, I write this feeling very confident in the future.

For the quarter, net sales of 23.3 MSEK were achieved. Although this was only a 2% increase from the previous quarter, it was a 32% increase from the same period last year, which is a positive sign of our growth and performance. Our international markets delivered the greatest improvement with a 22% growth from Q2 to Q3, showing greater confidence in our distributor network, which is a trend that we expect to continue. While we achieved a 4% growth in our US patient income, a decline in our UK sales affected the overall growth for the period, although the UK has outperformed our expectations in previous quarters. Year to date sales are up 12% compared to 2020.

In Q3 2021, EBITDA was recorded at a loss of 1.3 MSEK. Although we are committed to a profitable future, the company has been making significant investments in personnel, marketing activities, helping grow the company's overseas presence and further supporting the reimbursement of scalp cooling in the USA. Our expectation is that we shall see our return on these investments in 2022.

The news this month from the Centers for Medicare & Medicaid Services (CMS) is a huge step forward for the reimbursement of scalp cooling. The question of if scalp cooling shall be reimbursed is no longer. This is significant for cancer chemotherapy patients across the US and will provide far greater access. We still have much work to do but we are in a stronger position than we have been before.

Our new reimbursement business model will be ready in the new year and launch with a select few cancer centres, growing as we learn more about the public and private payer landscape. We shall launch with a robust patient assistance program to support our patients. This is a monumental step forward as we navigate a complex insurance environment.

Some of our stakeholders will have seen a new entrant into the US market. Although we should be mindful of our competition, we remain confident in our current technology and our future R&D pipeline which will keep us securely in a leading position, but also the infrastructure and service we offer to our partners, customers and patients globally. An exciting global opportunity will of course attract new competition.



Following the signing of a clinical trials agreement, our collaboration with the University of Singapore is progressing well with the opening on clinical trials in Singapore this month, initially with healthy volunteers followed by cancer patients. The NUHS principal investigator and a key collaborator in this project, Dr. Raghav Sundar, will lead the clinical validation conducted in 4 sites in Singapore including the National University Hospital, Curie Oncology, National Cancer Centre Singapore and Ng Teng Fong General Hospital.

Our other R&D projects are progressing well. The company has been awarded a 600,000 GBP (7.1 MSEK) grant towards the research centre which should help expedite some of its key activity helping address the accelerating patient need, impressive growth opportunity and environmental burden, to retain our market leading position.

I would like to take a moment to remember one of our team, Margaret O'Hanlon, who sadly passed away on 12th October following a cardiac arrest. Margaret was an extremely caring, kind, loyal, valued and much-loved member of our team, and she will be sorely missed by many. Our thoughts are with her family.

Thank you to all our stakeholders and the growing Paxman team for your continued dedication and passion to make this a great company.

Huddersfield, November 2021,

A handwritten signature in black ink, appearing to read 'R Paxman', with a stylized flourish at the end.

Richard Paxman, CEO



# MARKET DEVELOPMENTS

## North & South America

The company has installed equipment in 15 further locations in Q3 2021 and will be installing equipment into a further 16 locations in Q4. Additional personnel will be employed in the USA in Q4, supporting the company's growth and ensuring high service standards are maintained, both in the field and at the Paxman Hub.

Although the company saw limited growth from Q2 to Q3, ADTR has increased from 13.2 TUSD in Q3 2020 to 21.0 TUSD in Q3 2021. In Q4, a new clinical trial was initiated with Dana Farber Cancer Institute to evaluate the use of scalp cooling in a metastatic setting with novel chemotherapy drugs.

The Canadian market pilot is progressing well with three locations now offering scalp cooling under the new model in Toronto. The company will review the pilot at the end of 2021 and formalise its strategy.

After a difficult period through the pandemic in Mexico, TEVA has formulated a renewed strategy from which the company expects to see success and a greater return on investment in 2022. The refocus kicks off at the large oncology conference SMEO in Monterrey.

EPTCA, Paxman's partner in Brazil continue to perform even under difficult circumstances, with strong orders for both Q3 and Q4.

## Asia

Activity in India remains strong. The company's regional manager is having a positive impact, with newly installed systems in a number of locations and a growing order book. Positive relationships are being made with key private players in the market.

Japan continues to be a key focus. Market intelligence suggests that the only other competitor in the market is yet to gain further traction with only three centres offering the competing device. Paxman can now be found in 53 cancer centres across the country, 15 of which are in Tokyo. Paxman's partner, CMI, is working hard on improving utilisation and increasing the install base with a focused strategy for 2022. Scalp cooling can now be found on the Japanese Appearance Guidelines in 2021 for cancer treatment, a strong acknowledgement of this treatment in Japan.

## Europe

The markets in Europe performed strongly in general in Q3, with installations in the Czech Republic, France, Spain, Sweden, Switzerland, The Netherlands and the UK. With a renewed focus in France, Germany and Sweden with direct employees in these markets, along with a new partner in Austria, future expectations remain positive.

# MARKET DEVELOPMENTS, CONT.

## Global Conferences

Paxman had an extremely busy event schedule in October. Some of the events were hybrid, which enabled the company to once again meet with delegates face to face. For the first time, Paxman had a booth at the Society of Gynecologic Oncology Allied Health Meeting in Chicago aimed at all health care professionals within the gynecology oncology field. The company has continued to support ONS Hudson Valley and New York City Chapters with their live events targeting oncology nurses in the region.

With October being breast cancer awareness month, many fundraising events took place and Paxman was proud to support Hope Walks for Mass General Brigham Newton-Wellesley Hospital, the Kaiser Permanente Annual Breast Cancer Survivor Gala and Boots, Boobs and BBQ event held in Dickenson, Texas to raise funds to cover the cost of using scalp cooling for as many people as possible.

Paxman's International Team visited Malmö, Sweden including its first exhibition at the State Of The Art Breast Cancer Meeting organised by the Swedish Breast Cancer Group. This event was attended by breast cancer healthcare professionals from all over Sweden, and it was good to be back face-to-face with delegates.

The company will be involved in a number of virtual conferences and fundraising events being held throughout the month of November. The month starts with another first for Paxman as the company, among many other events, we will have a booth at the Chemotherapy Foundation Symposium, a hybrid event being held in New York. The conference is aimed at oncologists, hematologists, nurses and pharmacists in the treatment and management of cancer patients.

Paxman will also be supporting HairToStay who are hosting IceCAPades, which is an evening event being held at the Yerba Buena Ice Rink in San Francisco to raise funds for providing scalp cooling treatment to low-income cancer patients.

The company will attend the virtual UKONS conference and connect with oncology nurses who work within the UK, and it is also sponsoring the Global Power of Oncology Nursing virtual event, which is a part of London Global Cancer week showcasing the nursing contribution to the global burden of cancer.

Paxman will be attending Medica being held in Dusseldorf, Germany. Recognised as the world's largest medical trade fair, the conference brings the opportunity to discuss Paxman's medical technology with members from the medical community from all over the world.

In December, Paxman will be rounding off the year at the annual San Antonio Breast Cancer Symposium in Texas. Being held as a hybrid event this year, the company will have both an in-person and virtual presence. Having a broad international audience of academic, researchers and physicians, the symposium aims to achieve a balance of clinical, translational, and basic research, providing a forum for interaction, communication, and education for a broad spectrum of researchers, health professionals, and those with a special interest in breast cancer.

## Installed systems January–September 2021

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).

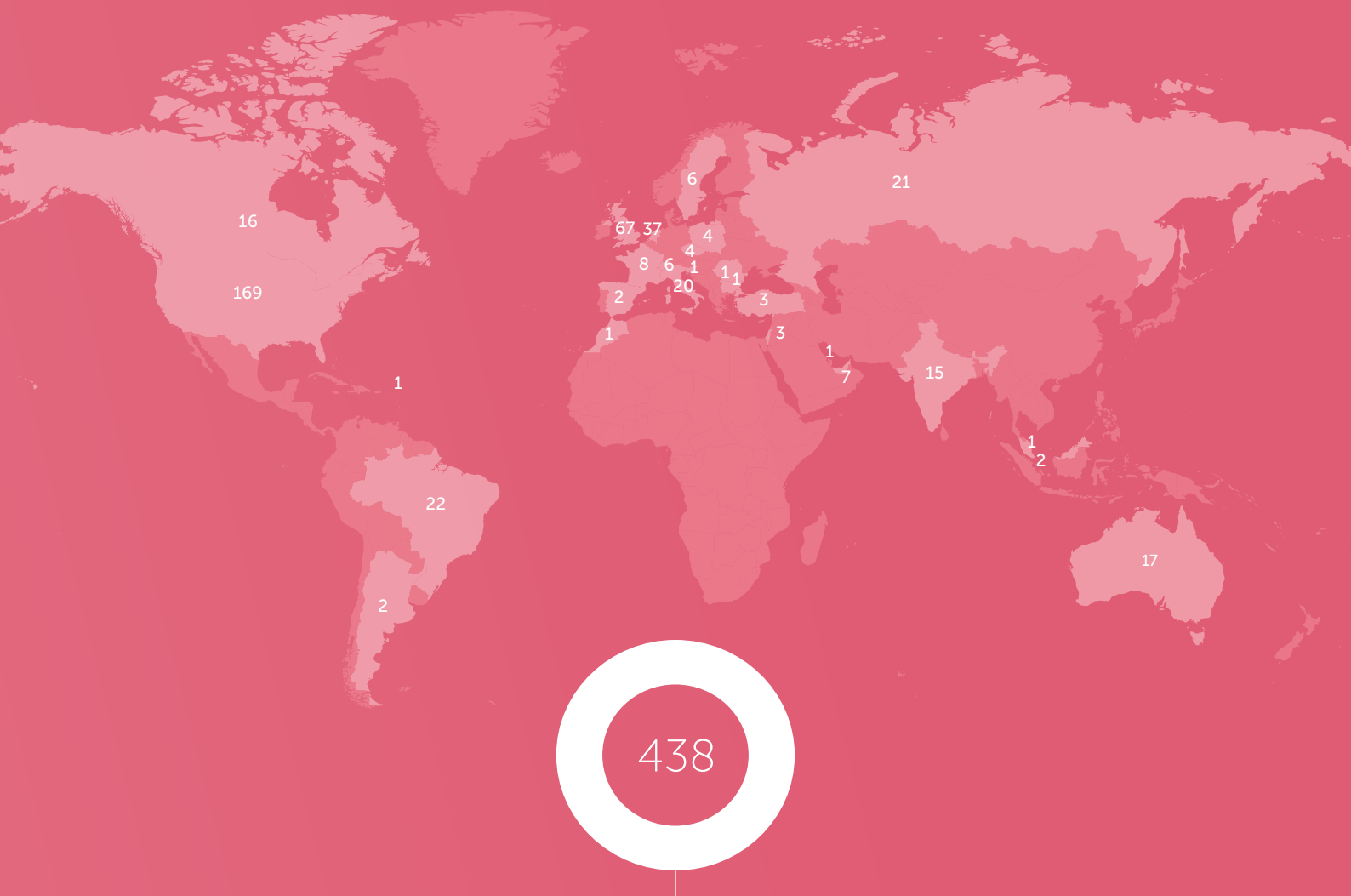


303

Australia	10	Netherlands	23
Brazil	13	Poland	3
Bulgaria	1	Russia	11
Canada	15	Saint Martin	1
Czech Republic	2	Slovenia	1
France	6	Spain	2
India	10	Sweden	6
Israel	3	Switzerland	6
Italy	10	United Kingdom	53
Malaysia	1	United Arab Emirates	1
Morocco	1	USA	124
<b>Total</b>		<b>303</b>	



## Installed systems January–September 2021 + confirmed orders so far in 2021



# COMMENTS TO THE FINANCIAL STATEMENTS

## Sales and earnings

Net sales in Q3 2021 totalled 23.3 MSEK, compared to 17.7 MSEK in Q3 2020, corresponding to a 32% increase and a 2% increase compared to Q2 2021.

Year to date net sales are up 12% compared to 2020. As expected, the company is still seeing the effects of COVID-19 globally, and this is still affecting capital sales in markets where the company has distributors. There has however been a 22% increase in sales in these markets from Q2 to Q3 2021. US revenue has seen a significant growth rate from Q3 2020 of 56%, and 4% compared to Q2 2021.

In Q3 2021, EBITDA is recorded at a loss of -1.3 MSEK. This compares to an EBITDA loss of -156 TSEK for Q3 2020. As the group returns to pre-COVID activity, there is now a focus on investment for growth. This resulted in an increase in personal costs of 3.5 MSEK from Q3 2020. The company is also investing into growing the company's overseas presence, and to further support the reimbursement of scalp cooling in the USA. In Q3 2020, activity was decreased as a precaution due to the impact of COVID-19, and government subsidies were available for the group to take advantage of.

Operating loss in Q3 was -4.8 MSEK. 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 at a value of 48 MSEK.

Included within the financial costs is a currency loss of -13 TSEK in Q3 2021, compared to a loss of -1.2 MSEK in Q3 2020.

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

## Cash flow

Operating cash inflow amounted to 800 TSEK as a result of the commentary earlier.

The cash outflow in investments of -6.9 MSEK is due to the continued equipment installations in the US to support growth, new installs placed in Canada and the development of the CIPN system.

## Financial position

There is a decrease in the group's liabilities to 58.3 (66.8) MSEK on 30 September 2021, of which 36.3 (47.9) MSEK is interest bearing, corresponding to a decrease of 2.5 MSEK from Q2 2021. These will continue to be reduced.

Cash on hand has increased to 26.4 MSEK from Q3 2020 (6.0 MSEK) as a result of the share issue in Q1 2021. The company still has an available credit balance of 1.9 MSEK.

## Employees

As of 30 September 2021, the Group had a total of 63 employees, 1 by Paxman AB, 55 by Paxman Coolers Ltd and 7 by Paxman US, Inc. As of 30 September 2020, the Group had a total of 52 employees, 45 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 sales in Scandinavia and 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 latest annual report was published. This interim report has not been reviewed by the Group's auditors.

## 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, 19 November 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

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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 09.00 CET on 19 November 2021.*

## Consolidated income statement (condensed)

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	23,269	17,694	66,884	59,789	78,053
Capitalized expenses	1,594	996	6,229	3,572	5,084
<b>Total operating income</b>	<b>24,863</b>	<b>18,690</b>	<b>73,113</b>	<b>63,361</b>	<b>83,137</b>
Raw materials and consumables	-9,799	-7,033	-28,801	-22,510	-32,449
Other operating expenses	-7,516	-6,503	-22,310	-17,537	-30,098
Personnel costs	-8,829	-5,310	-23,353	-16,784	-21,635
<b>Total operating costs</b>	<b>-26,144</b>	<b>-18,846</b>	<b>-74,464</b>	<b>-56,831</b>	<b>-84,182</b>
<b>EBITDA</b>	<b>-1,281</b>	<b>-156</b>	<b>-1,351</b>	<b>6,530</b>	<b>-1,045</b>
Depreciation	-3,514	-2,073	-9,613	-7,389	-10,645
<b>Operating profit/loss</b>	<b>-4,795</b>	<b>-2,229</b>	<b>-10,964</b>	<b>-859</b>	<b>-11,690</b>
Net financial items	-445	-2,008	-408	-7,253	-8,405
<b>Profit/loss after net financial items</b>	<b>-5,240</b>	<b>-4,237</b>	<b>-11,372</b>	<b>-8,112</b>	<b>-20,095</b>
Tax	-12	-	-77	-20	910
<b>Net profit/loss for the period</b>	<b>-5,252</b>	<b>-4,237</b>	<b>-11,449</b>	<b>-8,132</b>	<b>-19,185</b>

## Consolidated balance sheet (condensed)

TSEK	2021-09-30	2020-09-30	2020-12-31
<b>Assets</b>			
Intangible fixed assets	15,385	11,615	12,424
Tangible fixed assets	34,945	32,528	29,498
Financial fixed assets	6,228	6,547	5,777
<b>Total fixed assets</b>	<b>56,558</b>	<b>50,690</b>	<b>47,699</b>
Inventories	16,869	14,834	13,746
Current receivables	15,145	15,672	11,989
Cash and bank balances	26,380	6,014	3,577
<b>Total current assets</b>	<b>58,394</b>	<b>36,520</b>	<b>29,312</b>
<b>Total assets</b>	<b>114,952</b>	<b>87,210</b>	<b>77,011</b>
<b>Equity and liabilities</b>			
Shareholders' equity	55,933	20,402	10,889
<b>Total equity</b>	<b>55,933</b>	<b>20,402</b>	<b>10,889</b>
Provisions for taxes	713	663	667
<b>Total provisions</b>	<b>713</b>	<b>663</b>	<b>667</b>
Liabilities to credit institutions	25,501	17,913	17,430
<b>Non-current liabilities</b>	<b>25,501</b>	<b>17,913</b>	<b>17,430</b>
Liabilities to credit institutions	10,800	30,071	30,800
Accounts payable	15,350	13,706	10,957
Other current liabilities	6,655	4,455	6,268
<b>Current liabilities</b>	<b>32,805</b>	<b>48,232</b>	<b>48,025</b>
<b>Total equity and liabilities</b>	<b>114,952</b>	<b>87,210</b>	<b>77,011</b>

## Consolidated statement of cash flows (condensed)

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Cash flow from operating activities	800	-3,920	-5,807	-6,808	-8,483
Cash flow from investing activities	-6,900	190	-18,021	-5,286	-6,320
Cash flow from financing activities	-2,513	4,800	46,631	16,505	16,777
<b>Cash flow for the period</b>	<b>-8,613</b>	<b>1,070</b>	<b>22,803</b>	<b>4,411</b>	<b>1,974</b>
Cash and cash equivalents, opening balance	34,993	4,944	3,577	1,603	1,603
Cash and cash equivalents, closing balance	26,380	6,014	26,380	6,014	3,577

## Consolidated changes in equity (condensed)

TSEK	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Opening balance as of 1 January	10,889	28,361	28,361
New share issue	58,560	-	-
Share issue costs	-2,928	-	-
Translation gains/losses on consolidation	507	-181	1,242
Equity-settled share-based payment transaction	354	354	472
<b>Profit/loss for the period</b>	<b>-11,449</b>	<b>-8,132</b>	<b>-19,186</b>
<b>Closing balance</b>	<b>55,933</b>	<b>20,402</b>	<b>10,889</b>

## Key ratios

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating margin, %	Neg	Neg	Neg	Neg	Neg
EBITDA (TSEK)	-1,281	-156	-1,351	6,530	-1,045
Equity/assets ratio, %	48.7%	23.4%	48.7%	23.4%	14.1%
Liquid assets, net (TSEK)	-9,921	-41,970	-9,921	-41,970	-44,653
Market capitalization (TSEK)	845,400	499,590	845,400	499,590	406,718

## Parent company income statement (condensed)

TSEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Other operating income	5	-	-	-	-
<b>Total operating income</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other external costs	-822	-531	-1,853	-1,746	-3,110
Personnel costs	-252	-	-340	-512	-512
<b>Total operating costs</b>	<b>-1,074</b>	<b>-531</b>	<b>-2,193</b>	<b>-2,258</b>	<b>-3,622</b>
<b>EBITDA</b>	<b>-1,074</b>	<b>-531</b>	<b>-2,193</b>	<b>-2,258</b>	<b>-3,622</b>
Depreciation	-2	-	-	-	-
<b>Operating profit/loss</b>	<b>-1,071</b>	<b>-531</b>	<b>-2,193</b>	<b>-2,258</b>	<b>-3,622</b>
Net financial items	-78	-523	-376	-1,147	-1,662
<b>Profit/loss after net financial items</b>	<b>-1,149</b>	<b>-1,054</b>	<b>-2,569</b>	<b>-3,405</b>	<b>-5,284</b>
Tax	-	-	-	-	-
<b>Net profit/loss for the period</b>	<b>-1,149</b>	<b>-1,054</b>	<b>-2,569</b>	<b>-3,405</b>	<b>-5,284</b>

## Parent company balance sheet (condensed)

TSEK	2021-09-30	2020-09-30	2020-12-31
<b>Assets</b>			
Tangible fixed assets	68	-	-
Investments in Group companies	26,583	26,110	26,228
<b>Total fixed assets</b>	<b>26,651</b>	<b>26,110</b>	<b>26,228</b>
Receivables from Group companies	60,445	46,694	46,867
Other current receivables	915	992	654
Cash and bank balances	23,137	50	50
<b>Total current assets</b>	<b>84,497</b>	<b>47,736</b>	<b>47,571</b>
<b>Total assets</b>	<b>111,148</b>	<b>73,846</b>	<b>73,799</b>
<b>Equity and liabilities</b>			
Shareholders' equity	91,876	41,436	39,675
<b>Total equity</b>	<b>91,876</b>	<b>41,436</b>	<b>39,675</b>
Liabilities to credit institutions (non-current liabilities)	18,667	9,480	9,480
<b>Total long-term liabilities</b>	<b>18,667</b>	<b>9,480</b>	<b>9,480</b>
Liabilities to credit institutions	0	22,756	23,840
Other current liabilities	280	95	136
Accrued costs and prepaid income	325	79	668
<b>Total current liabilities</b>	<b>605</b>	<b>22,930</b>	<b>24,644</b>
<b>Total equity and liabilities</b>	<b>111,148</b>	<b>73,846</b>	<b>73,799</b>



## Data per share

	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Earnings per share, SEK <sup>1)</sup>	-0.30	-0.26	-0.66	-0.51	-1.20
Earnings per share, SEK, diluted <sup>2)</sup>	-0.30	-0.26	-0.66	-0.51	-1.20
Equity per share, SEK <sup>1)</sup>	3.18	1.27	3.18	1.27	0.68
Cash flow from operating activities per share, SEK <sup>1)</sup>	0.05	-0.24	-0.43	-0.43	-0.53
Share price on closing day, SEK	48	31.2	48	31.2	25.4
Number of shares on closing day	17,612,500	16,012,500	17,612,500	16,012,500	16,012,500
Number of shares on closing day, diluted <sup>2)</sup>	17,680,978	16,080,978	17,680,978	16,080,978	16,080,978
Number of shares, weighted average in the period	17,612,500	16,012,500	17,345,833	16,012,500	16,012,500
Number of shares, weighted average in the period, diluted <sup>2)</sup>	17,680,978	16,080,978	17,414,311	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 September 30, 2021, 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).

# 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 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.

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 development of the actual device is conducted in collaboration with researchers from Paxman Scalp Cooling Research Centre at the University of Huddersfield. 10 cooling and compression systems have been produced for the initial clinical study. A clinical trial agreement was signed in November. The study aims to investigate the safety and tolerability of limb cryocompression in preventing of Chemotherapy-induced Peripheral Neuropathy (CIPN) via the newly

developed Paxman Cryocompression System (PCCS) in healthy subjects and cancer patients.

The Paxman device will be tested for its safety in delivering limb cryocompression and efficacy in improving the preservation of peripheral nerves during chemotherapy. The efficacy of prevention will be monitored using various clinical and patient-reported outcomes. Once the optimal temperature and pressure of limb cryocompression is established in healthy subjects, a group of cancer patients will undergo limb cryocompression over multiple cycles of chemotherapy to establish safety and tolerability of repeated therapy.

The study is estimated to start in November with the completion date estimated to be September 2023. A larger randomized phase 3 efficacy study is being planned to be opened in second half of 2022 which will be 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 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.

## 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 initiated or completed in 2020 or so far in 2021 are presented below.

### 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 and has already completed. Publication of the data planned for early 2023.

### 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.

### 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 recently published further data 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. The patient's own (subjective) assessment of hair regrowth was significantly better after SC at 4 and 7 months.

### 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.

### 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 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 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 recent press release, on 2 November, 2021, 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. Paxman is currently working on the establishment of a new business model to support future reimbursement.

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 2020 (pages 47-49). 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 17,612,500 split on 17,612,500 shares on September 30, 2021, 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](http://www.paxman.se) and is updated at the end of each quarter. As of 30 September 2021, the 10 largest shareholders held 78.82% of all issued shares. At this time, Paxman had a total of 1,156 individual shareholders.

## Annual general meeting 2022

The next AGM of Paxman AB (publ) will be held in Karlshamn, Sweden, on 25 May 2022 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 2022 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](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 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).

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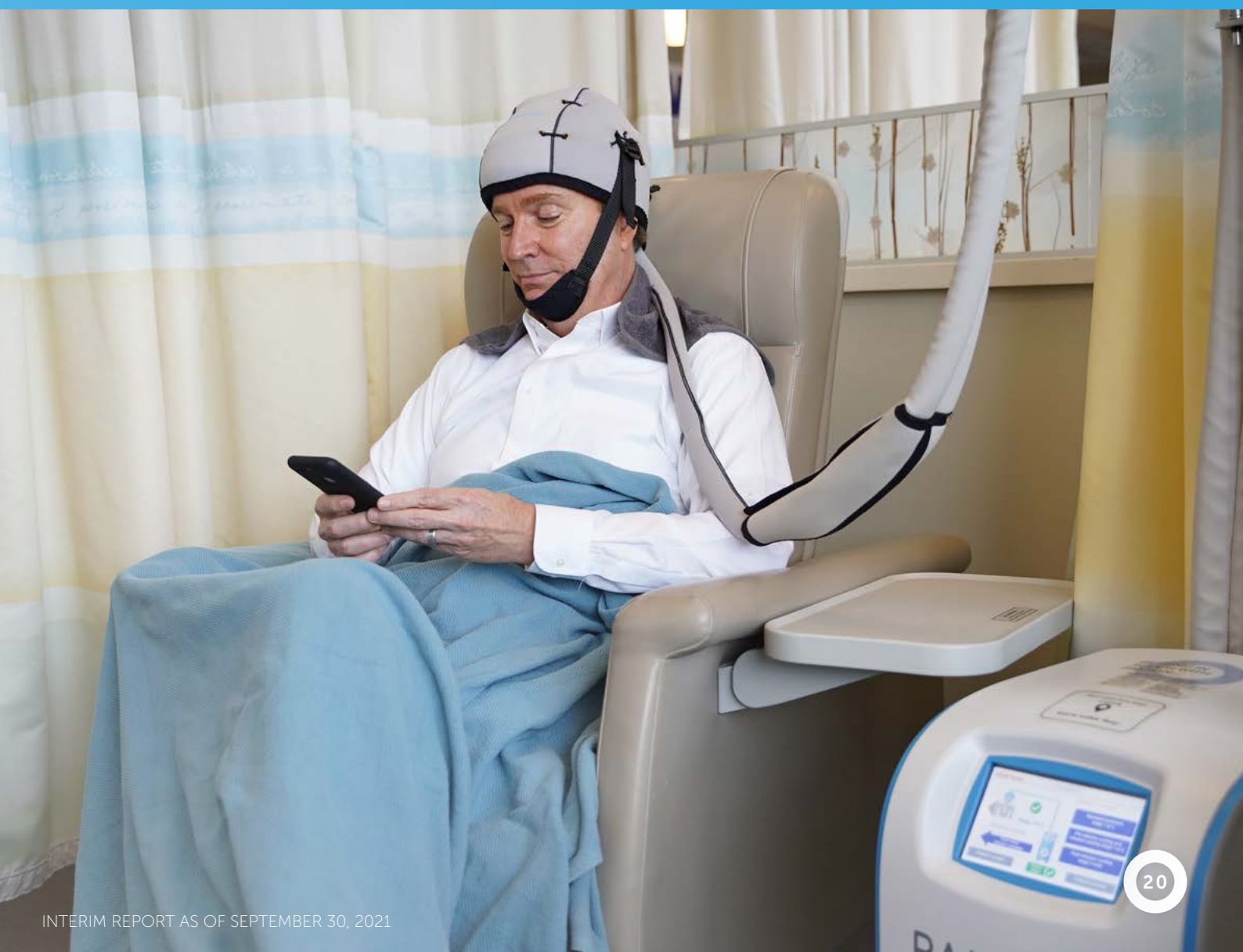
Paxman AB (publ) has appointed FNCA Sweden AB its Certified Adviser. FNCA can be reached at +46 (0)8 – 528 003 99 or email [info@fnca.se](mailto:info@fnca.se).



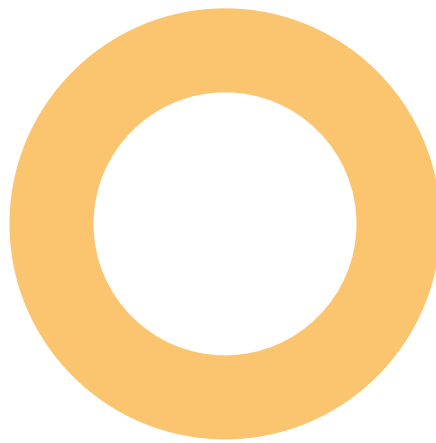
## Financial calendar

Year-end report 2021		25 February 2022
Annual General Meeting 2022		25 May 2022
Interim report as of 31 March 2022		25 May 2022
Interim report as of 30 June 2022		24 August 2022
Interim report as of 30 September 2022		18 November 2022

Paxman's interim reports and annual reports are available on [www.paxman.se](http://www.paxman.se). Here you will also find Paxman's newsletter, published on a monthly basis.







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