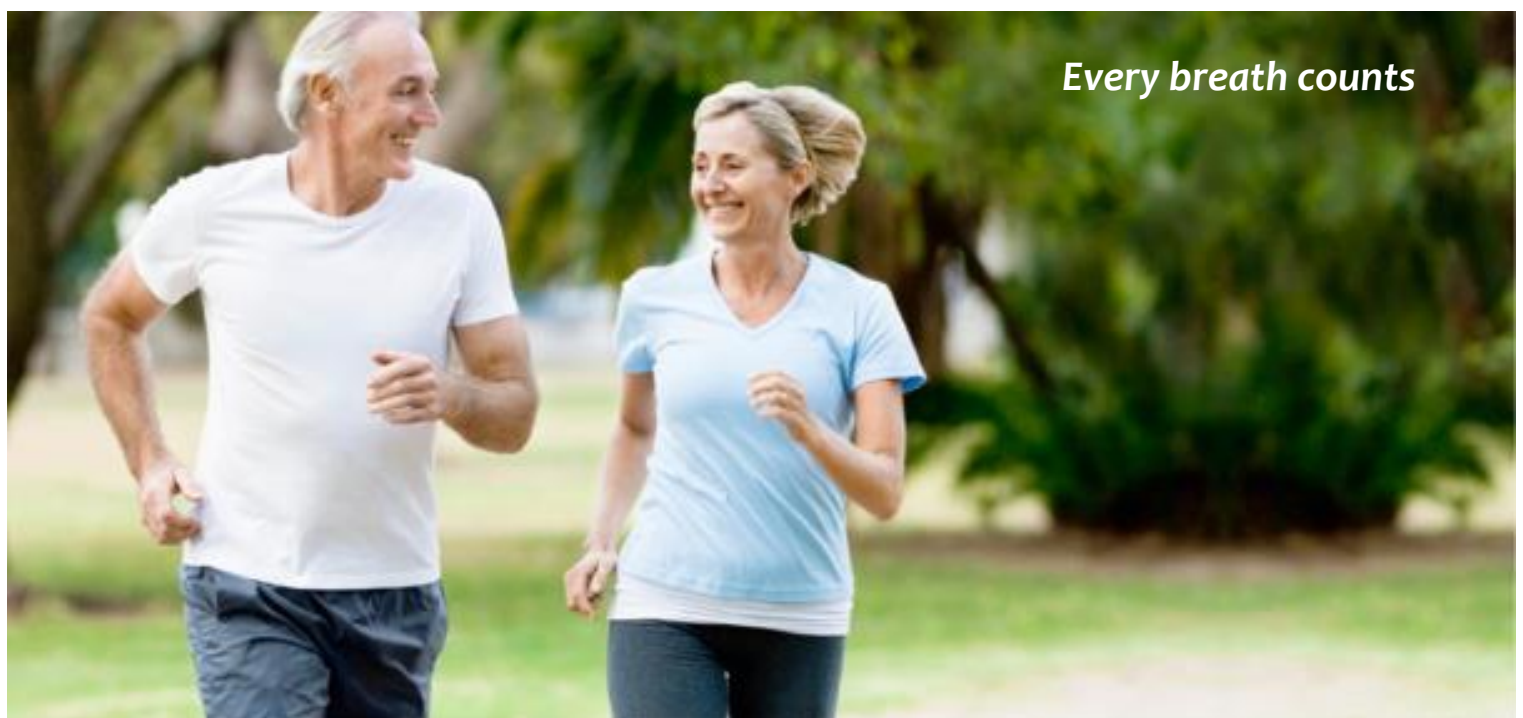




Year-end report

1 January 2015 – 31 December 2015

PEXA AB | 556956-9246



Every breath counts

The Board and the Chief Executive Officer of PEXA AB herewith present the year-end report for the financial year 2015.

Summary of the year-end report

Twelve months (1 January 2015 – 31 December 2015)

- Net sales were SEK 361,605 (8,395)
- Loss after financial items was SEK -2,666,120 (-36,860)
- Loss per share was SEK -0.39 (-0.01)
- Equity ratio was 86.0% (56.6%)

Fourth quarter (1 October 2015 – 31 December 2015)

- Net sales were SEK 0 (8,395)
- Loss after financial items was SEK -1,878,710 (-30,313)
- Loss per share was SEK -0.28 (0.00)

Earnings per share: Profit/loss for the period divided by 6,765,588 shares as of December 31, 2015

Equity ratio: Shareholders' equity divided by total capital

Amounts in parantheses: Prior year comparative period

The "Company" or "PEXA" refers to PEXA AB, corporate identity number 556956-9246.

Important events in 2015

First quarter

In January, and in cooperation with the Unit for Occupational and Environmental Medicine (AMM) at Sahlgrenska Academy, the Company arranged its first international event, the *First Conference on PEXA and small airways disease* in Göteborg, Sweden, with nearly 100 participants, researchers and pharmaceutical companies. At the conference, a prototype for PEXA 2.0 was presented, generating plenty of interest and resulting in nearly half the participants wanting to be contacted for more information.

Second quarter

In May, functional tests for the PEXA 2.0 prototype were conducted with good results.

Third quarter

In July, a targeted private placement was completed, strengthening the Company's cash position by SEK 4 M.

On 1 September, a new CEO, Erik Ekbo, was recruited while former acting CEO Svante Höjer returned to his position as Manager Engineering and Design.

In September, the company completed a new share issue before being listed on AktieTorget. In connection with this event, the Company was presented at a number of investor meetings, including *Stora Aktiedagen* in Göteborg, *Investordagen* in Copenhagen and AktieTorget's Investor Breakfast in Stockholm.

In September, PEXA reported a lot of interest from around 40 leading international lung researchers, and PEXA's new product, PEXA 2.0, was presented to them at a meeting in conjunction with ERS, the European Respiratory Society International Congress, in Amsterdam.

Fourth quarter

The subscription period for the new share issue ended on 1 October and subscriptions totalled SEK 7.65 M, which corresponds to a subscription rate of 59 per cent. This new share issue provided PEXA with SEK 6.5 M after issue expenses (of appr. SEK 1 M), as well as about 300 new shareholders.

On 2 November, PEXA's B shares were listed on AktieTorget under the name "PEXA" and on 17 November, the company was presented at Sedermeradagen in Stockholm.

The Company announced that the work initiated on the CE marking of PEXA 2.0 would not be completed in December as components were identified that did not meet the required specification and would need to be replaced with new compliant ones. An assessment was made that the international launch could be delayed from the first quarter to the second quarter of 2016.

In December, the Company conducted a final report for VINNOVA on the verification project that has run for two years and has been funded by the VINN-Verification VINNOVA programme.

Significant Events After Closing of Books

In January, the company announced that AstraZeneca has extended its cooperation agreement with PEXA to run for two years. The joint project aims to examine how PEXA's technology for the collection of particles can be used in AstraZeneca's research and development in the field of respiratory diseases. This cooperation agreement is of great strategic importance for PEXA, but it will not significantly affect the Company's operating result.

In January after the Extraordinary General Meeting, the Company's board announced that Anders Ullman was voted in as a new Board member. Dr Ullman is a medical doctor and head of the COPD centre at Sahlgrenska University Hospital. Anders Ullman is also an experienced manager in the pharmaceutical industry where he has worked in research and development at management level in several international companies.

Professor Anna-Carin Olin, Board member and one of the Company's founders, was featured in a lengthy article about the PEXA method in the Swedish Asthma and Allergy Association's anniversary publication *Allergifakta 2016*.



Professor Anna-Carin Olin in Allergifakta 2016

Comments from the CEO

2015 was the year in which we laid new foundations for PEXA, and the Company is now well positioned for the upcoming launch. Capital injections of SEK 10.5 M now give the company the financial stamina to introduce our products to research centres in priority European countries.

Over the year, we have presented PEXA 2.0 and the company's development plans at two research conferences. In January, the company and the unit for Occupational and Environmental Medicine (AMM), organised the First Conference on PEXA and small airways disease in Göteborg with around 100 participants. The international conference was such a success that it will become a biennial recurring event. In September at ERS in Amsterdam, PEXA hosted a meeting in which some 40 leading lung researchers and pharmaceutical companies participated. Interest in PEXA has been significant and this has strengthened us in our ambition to commercially provide a quick, painless and reproducible method for collecting particles from the small airways containing potential biomarkers for the disease condition affecting the lungs.

On January 21st 2016, the Board of Directors warmly welcomed a new member, Anders Ullman. Anders Ullman is a medical doctor and has an incredibly solid and PEXA-compatible background. He has extensive experience in management positions within various international pharmaceutical companies and currently manages the reconstruction of the Sahlgrenska University Hospital COPD centre. We look forward to many years of guidance and support from Anders.

The work to gain CE marking for PEXA 2.0 has made some great strides forward, even though it has been somewhat delayed by the fact that certain components need to be replaced. Intensive work has been underway for the past few months and the necessary actions have been implemented. As previously mentioned, an assessment was made that the international launch could be delayed from the first quarter to the second quarter of 2016.

Since 2013, we have partnered with the pharmaceutical company AstraZeneca. The joint project aims to identify opportunities for AstraZeneca to use PEXA's sampling techniques in their research and development activities in the context of respiratory diseases. The cooperation agreement only runs for one year at a time, but the new agreement now extends over two years. The cooperation is extremely important, and if it turns out well, PEXA's method will have been validated in strategically important areas. The fact that AstraZeneca chose to pursue the cooperation, and even extend it, gives us valuable impetus for the upcoming launch of PEXA 2.0.

We are now able to take PEXA to the next level and these are very exciting times to be a part of the company. I am convinced that 2016 will be an eventful and auspicious year.

Göteborg, 26 February, 2016
Erik Ekbo
CEO, PEXA AB

About PEXA

PEXA AB develops, produces and markets a research instrument to study respiratory diseases such as asthma and chronic obstructive pulmonary disease, COPD. The original idea and research behind the method comes from Anna-Carin Olin’s research group at the Unit of Occupational and Environmental Medicine (AMM) at the Sahlgrenska Academy at Gothenburg University and is based on a completely new method for collecting material from the small airways: particles in exhaled air.



Exhale, hold your breath, inhale and then exhale

PEXA provides lung researchers with a simple and non-invasive method (i.e. without an operation) for the collection of microscopic particles, potential biomarkers for diseases of the small airways. The method allows researchers to easily access a sample of the fluid layer covering the small airways. The sample can be likened to a “blood test for the small airways” and can be used to detect lung diseases at an early stage. The aim is to facilitate the development of reliable and more individualised diagnosis, monitoring and treatment of respiratory diseases.

PEXA 2.0

To date, approximately 1700 subjects have been tested through the PEXA method using nine prototype instruments (PEXA 1.0) developed at the Sahlgrenska Academy, instruments that have been used for research purposes within the Academy and health care.

PEXA 2.0 is a fully developed and upgraded commercial instrument poised for launching on the market. The launch is planned initially for the Nordic market, and will then roll out to Europe.



Simply put, the method works by getting the patient to breathe into a mouthpiece, whereupon small particles in the exhaled air are captured and sorted by size after which the different size fractions can be analysed. By collecting specific microscopic particles from the small airways, it is possible to study various diseases at an early stage and to find biomarkers for various lung diseases.

Research using the PEXA method has so far resulted in 16 publications available on the company website (www.pexa.se).

Market

PEXA's business concept is to give lung researchers a new, unique and non-invasive method for the simple and reliable collection of potential biomarkers from the small airways by providing 1) collection and measuring instruments with service and support agreements, 2) disposable items and 3) analytical services. The Company's vision is that: "PEXA will contribute to a better life for patients with respiratory diseases by making it easier to reach a fast and more reliable diagnosis, monitoring process and treatment."

Lung diseases are a high priority research area. On the basis of data from the World Health Organization (WHO), lung diseases are currently the third most common cause of death in the world, with over five million deaths annually. Given the extent of lung diseases, the potential market for PEXA's instruments is significant according to the Board, partly due to the current strategy of developing and selling research tools and partly due to future opportunities and potential for developing new diagnostic products.

Initially, PEXA plans to sell and distribute instruments and the method to lung research centres within the health services, in academia and in pharmaceutical companies, all of whom are currently actively looking for biomarkers. Globally, PEXA has identified about 1,500 such research groups as primary targets. PEXA has had previous contact with around a hundred of these, and over 45 of them have registered an interest in PEXA's instrument.

The search for new biomarkers

There is a great need, both nationally and internationally, to make a correct diagnosis as early as possible, which can be crucial to how serious the disease becomes. A relatively new approach is to use biomarkers. Biomarkers are substances, such as proteins and enzymes that can be used as objective indications of medical conditions that can be measured specifically and reproducibly. These medical findings differ from medical symptoms, which are limited to the signs of health or illness that can be perceived by the patients themselves.

The clinical research conducted by both academic researchers and the pharmaceutical industry is in a period of change. Lung research is increasingly on the lookout for specific biomarkers for various diseases. A known problem with lung diseases such as COPD is that the illness often starts with changes in the small airways, but there are no quantitative or non-invasive methods to study these changes. The same applies to the diagnosis of more severe forms of asthma that affect the small airways. Traditional diagnostic methods like X-rays or lung function tests provide limited information that can often only be used to determine exactly what disease the patient is suffering from at a relatively advanced stage.

Most researchers in the initial target group have a great need for a non-invasive, specific, reproducible and simple method of finding biomarkers for various lung diseases affecting the small airways. The Board believes that only PEXA meets this need, which makes it quite unique and has the potential to fundamentally change the way lung diseases are diagnosed and treated today.

Corporate structure and shareholding

PEXA does not have any subsidiaries and is not included in any group. Nor does the Company have any shareholdings.

PExA's financial situation

In July, PEXA completed a directed new share issue that strengthened the Company's cash position by SEK 4 M. The issue, aimed at a small number of investors, was oversubscribed. This successful new share issue gave PEXA the financial resources to move aggressively forward towards an international launch of PEXA 2.0, the recruitment of a new CEO with international market experience and listing the shares on AktieTorget in autumn 2015.

The subscription period for PEXA's new share issue ended on 1 October 2015 before the listing on AktieTorget. The subscription of the new share issue amounted to SEK 7.65 M, corresponding to a subscription rate of 59 per cent. It generated the issue of 1,662,588 new B shares, providing PEXA with SEK 6.65 M after issue expenses (of appr. SEK 1 M), as well as about 300 new shareholders. The new share issue has been registered with Bolagsverket (The Swedish Companies Registration Office). After the new share issue PEXA's share capital amounts to SEK 845,698.50, divided among 6,765,588 shares (whereof 432,900 class A shares).

Risk factors

PEXA's operations are subject to both operational and financial risks. Identifying potential risks and evaluating how to manage them is a continuous process within the Company. The markets for PEXA's products are characterised by lengthy sales processes. The Company is active on markets with great potential, but with erratic sales growth. The section "Riskfaktorerna" (Risk Factors) in our 2015 Memorandum, which can be found on the Company's web site (www.pexa.se) and also obtained from the Company, contains a complete description of the risks the Company has identified and how we have chosen to manage them.

Transactions with Related Persons

PEXA has a current agreement with GU Ventures AB who deal with premises, different types of specialist skills and accounting. The CEO for GU Ventures AB, Klementina Österberg, is a PEXA board member. PEXA has an agreement with Per Wilén Lirpa, sole trader, who provides marketing services. This company is 100 per cent owned by parties related to the board member Lena Kajland-Wilén. During the period, PEXA has purchased services from Torpa Industrier AB for the task of recruiting the Company CEO and for the planning and implementation of two new share issues. This company is partially owned by Claes Holmberg, the chairman of the Board.

The share

The share capital is comprised of 6,765,588 shares. The Company has two classes of shares (of which 432,900 class A shares). An A share entitles to ten (10) votes per share. Each B share entitles to one (1) vote per share. All shares carry equal rights to the company's assets and earnings. The quota value (equity divided by number of shares) is SEK 0.125.

Dividend proposal

The Board and the CEO propose that no dividend be paid for the financial year 01/01/2015 to 31/12/2015.

Auditor review

This year-end report has not been subject to audit by the Company's auditors.

Principles for establishing the year-end report

The accounts in this report have been prepared in accordance with the same accounting principles as in the latest annual report, that is in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board, BFNAR 2012:1 Annual report and consolidated financial statements (K3).

Annual General Meeting and Annual Report

The Company's Annual General Meeting is scheduled to be held in Göteborg on 28 April 2016. The location of the Annual General Meeting and for publication of the full annual report will be presented in conjunction with the invitation to the AGM at the latest. PEXA's annual report for the 2015 financial year is scheduled to be published on the Company's (www.pexa.se) and AktieTorget's (www.aktietorget.se) respective websites no later than three weeks before the meeting and can also be ordered from the company by email, info@pexa.se.

Future financial reports

Interim report Q1, 2016	28 April, 2016
Semi-annual report 2016	26 August, 2016
Interim report Q3, 2016	28 October, 2016
Year-end report for 2016	24 February, 2017

The Board of Directors and the Chief Executive Officer do hereby certify that this year-end report contains a fair representation of the Company's operations, financial position and results, as well as describes any significant risks and uncertainties the Company faces. All statements of a forecasting nature in this report are based on the Company's best assessments on the report's publishing date. As with all forecasts, such statements contain risks and uncertainties and the actual results can differ.

Göteborg, 26 February, 2016
PEXA AB
The Board of Directors and CEO

For further information, please contact:

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PEXA AB (556956-9246) develops and markets a research instrument with associated products and services to lung researchers for simple and non-invasive sampling, in order to study respiratory diseases such as asthma and chronic obstructive pulmonary disease, COPD. Sampling with PEXA can be used to detect lung diseases at an early stage. The sample can be likened to a "blood test for the small airways". The aim is to facilitate the development of reliable and more individualised diagnosis, monitoring and treatment of respiratory diseases. The original idea and research behind the method comes from the unit for Occupational and Environmental Medicine at the Sahlgrenska Academy at Gothenburg University. Commercial operations started in 2010 with the support of GU Ventures incubator, and the company is founded by inventors, key persons, business angels and GU Ventures.

Income Statement summary

(SEK)	1 Oct. 2015 31 Dec. 2015 3 months	1 Oct. 2014 31 Dec. 2014 3 months	1 Jan. 2015 31 Dec. 2015 12 months	2 Jan. 2014 31 Dec. 2014 Appr. 12 months
Net sales	-	8,395	361,605	8,395
Capitalised work for own account	1,790,499	-	2,369,595	-
Other operating income	5	114,303	92,533	161,134
Operating costs				
Other external costs	-3,112,190	-152,486	-4,610,909	-205,864
Personnel costs	-557,062	-	-878,949	-
Operating loss	-1,878,748	-29,788	-2,666,125	-36,335
Net financial items				
Interest income	38	11	45	11
Interest charges	-	-536	-40	-536
Loss after financial items	-1,878,710	-30,313	-2,666,120	-36,860
Loss before taxes	-1,878,710	-30,313	-2,666,120	-36,860
Net loss of the period	-1,878,710	-30,313	-2,666,120	-36,860

Balance sheet summary

(SEK)	31 Dec. 2015	31 Dec. 2014
ASSETS		
Subscribed but not paid-up capital	-	720,000
Fixed assets		
<i>Intangible assets</i>		
Capitalised costs for development work	2,369,595	-
Patents	186,058	58,538
Total	2,555,653	58,538
Total fixed assets	2,555,653	58,538
Current assets		
<i>Current receivables</i>		
Trade receivables	-	474,996
Other receivables	609,667	11
Prepaid expenses and accrued income	87,621	-
Total	697,288	475,007
<i>Cash and cash equivalents</i>	8,063,910	42,503
Total current assets	8,761,198	517,510
TOTAL ASSETS	11,316,851	1,296,048

Balance sheet summary, cont'd

(SEK)	31 Dec. 2015	31 Dec. 2014
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Shareholders' equity</i>		
<i>Restricted equity</i>		
Share capital	845,698	50,000
New issue for registration	-	4,500
Total	845,698	54,500
<i>Unrestricted equity</i>		
New issue for registration	-	715,500
Share premium reserve	11,584,707	-
Loss brought forward	-36,860	-
Net loss of the period	-2,666,120	-36,860
Total	8,881,727	678,640
Total shareholders' equity	9,727,425	733,140
<i>Current liabilities</i>		
Trade payables	522,004	129,624
Other current liabilities	35,291	61,679
Accrued expenses and deferred income	1,032,131	371,605
Total	1,589,426	562,908
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	11,316,851	1,296,048
Assets pledged and contingent liabilities		
Assets pledged and contingent liabilities	None	None
Contingent liabilities	None	None

Changes in shareholders' equity, summary

(SEK)	Share capital	New share issue for reg.	Share premium reserve	Profit (loss) brought forward	Profit (loss) of the period
At beginning of period (1 Jan. 2015)	50,000	720,000	-	-	-36,860
Registered share issue	4,500	-720,000	715,500		
Bonus issue	449,625		-449,625		
New share issue	341,573		11,318,832		
Last year's result brought forward				-36,860	36,860
Net loss of the period					-2,666,120
At end of period (31 Dec. 2015)	845,698	-	11,584,707	-36,860	-2,666,120

Cash-flow analysis, an overview

(SEK)	1 Oct. 2015 31 Dec. 2015 3 months	1 Oct. 2014 31 Dec. 2014 3 months	1 Jan. 2015 31 Dec. 2015 12 months	2 Jan. 2014 31 Dec. 2014 Appr. 12 months
OPERATING ACTIVITIES				
Profit (loss) after financial items	-1,878,710	-30,313	-2,666,120	-36,860
Adjustments for items not included in the cash flow	-	-	-	-
Total	-1,878,710	-30,313	-2,666,120	-36,860
Cash flow from current operations before changes in working capital	-1,878,710	-30,313	-2,666,120	-36,860
<i>Cash flow from changes in working capital</i>				
Increase(-)/decrease (+) in operating receivables	-499,132	-1,195,007	497,719	-1,195,007
Increase(+)/decrease (-) in operating liabilities	861,581	522,308	1,026,518	562,908
Cash flow from operating activities	-1,516,261	-703,012	-1,141,883	-668,959
Investing activities				
Acquisition of intangible assets	-1,599,792	-58,538	-2,497,115	-58,538
Cash flow from investing activities	-1,599,792	-58,538	-2,497,115	-58,538
Financing activities				
New share issue	7,647,905	720,000	11,660,405	770,000
Cash flow from financing activities	7,647,905	720,000	11,660,405	770,000
Period's cash flow	4,531,852	-41,550	8,021,407	42,503
Liquid assets at beginning of period	3,532,058	84,053	42,503	0
Liquid assets at end of period	8,063,910	42,503	8,063,910	42,503



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