

# Nexstim

## NEXSTIM PLC HALF-YEAR REPORT JANUARY 1 – JUNE 30, 2022 (UNAUDITED)

Company announcement, Helsinki, August 12, 2022 at 9 am (EEST)

### THE BEST HALF-YEAR IN NEXSTIM'S HISTORY IN TERMS OF NET SALES AND OPERATING RESULT

The figures in parentheses refer to the previous year's comparative period, unless otherwise stated.

#### January–June 2022 in brief

- The company's net sales increased by 129.6%, to EUR 6.8 million (3.0).
- Net sales growth adjusted for currency exchange rates was 110.3%.
- Equipment sales were EUR 1.8 million (1.6), with an increase of 11.1%. Continuous net sales accounted for EUR 1.5 million (1.4), with an increase of 9.0%. The licensing business accounted for EUR 3.5 million (0.0).
- The net sales of the diagnostics business (NBS) increased by 19.3% during the first half of the year, to EUR 2.1 million (1.8).
- The net sales of the therapy business (NBT<sup>®</sup>) increased by 290.4% during the first half of the year, to EUR 4.7 million (1.2) including the license fee for the technology license agreement received during the review period.
- The operating result was EUR 2.3 million (-0.9).
- The result for the period was EUR 3.2 million (-0.9).

#### Business overview

Nexstim is a Finnish medical technology company operating in international markets. Its proprietary navigated Transcranial Magnetic Stimulation (nTMS) technology allows for personalized treatment and diagnostics for patients with challenging brain diseases and disorders. Nexstim provides solutions for non-invasive brain stimulation through diagnostic (NBS system) and therapy (NBT<sup>®</sup> system) applications.

#### Key performance indicators

EUR 1,000	1–6/2022 6 months	1–6/2021 6 months	Change, %	1– 12/2021 12 months
Net sales	6,793.0	2,958.6	129.6%	6,397.5
Gross margin	6,140.2	2,391.8	156.7%	5,262.0
Gross margin, %	90.4%	80.8%	-	82.3%
Adjusted comparable gross margin*	2,605.4	2,391.8	8.9%	5,262.0
Adjusted comparable gross margin-%*	80.0%	80.8%	-	82.3%
Personnel expenses	-2,495.4	-2,028.2	23.0%	-4,347.8
Other operating expenses	-1,787.6	-1,555.0	15.0%	-3,083.3
Operating result	2,333.4	-902.8	-	-1,452.2
Result for the period	3,209.4	-946.3	-	-832.1
Earnings per share	0.48	-0.17	-	-0.14
Diluted earnings per share (EUR)	0.44	-0.16	-	-0.13
Cash flow from operating activities	2,414.0	-1,918.7	-	-2,109.0
Cash in hand and at bank	6,580.3	6,690.8	-1.7%	5,194.7
Total equity	5,593.1	3,796.7	47.3%	3,202.7
Equity ratio (%)	54.1%	38.9%	-	34.7%

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*\* Net sales for the review period have been adjusted for the license fee (EUR 3.5 million) for the technology license agreement with Magnus Medical.*

## **Future outlook**

Based on business forecasts, the company expects its net sales to continue to grow during 2022, and the operating result for the financial year will be positive.

### **Mikko Karvinen, CEO of Nexstim:**

Nexstim continued its record high growth during the first half of 2022, achieving its all-time best performance in net sales, in the operating result, and in the result for the period. During the first half of 2022, our total net sales were EUR 6.8 million (3.0), and our growth rate was higher than ever before at 129.6%. The strong growth enabled us to achieve our first profitable operating result for the half-year period, with the operating profit being EUR 2.3 million (-0.9).

Our rapid growth rate was mainly due to the sale of a technology license related to the NBT<sup>®</sup> system to Magnus Medical and the agreement license fee of around EUR 3.5 million, which was recognized as revenue during the first half of 2022. In addition, in our diagnostics and therapy businesses, the deliveries of system orders received in 2021 totaled around EUR 1.0 million during the review period. I would like to thank Nexstim's customers, employees, partners, and investors for helping us achieve our record strong performance. In line with our main strategic goal, we will continue our profitable net sales growth throughout 2022, with the aim of achieving our first profitable financial year and minimizing future equity needs.

### *Strong growth continued in the Diagnostics Business and the Therapy Business*

The growth of our Diagnostics Business (NBS) and Therapy Business (NBT<sup>®</sup>) has continued through new system sales in our key markets in the United States and Europe. Thanks to this growth in our system base, our continuous revenue stream is growing steadily, which increases the stability and predictability of our operations. We want to develop and evolve.

The Diagnostics Business was a significant source of income for Nexstim during the review period, and its net sales increased by 19.3%, to EUR 2.1 million (1.8). We delivered seven new NBS systems during the review period. With these deliveries, by the end of the first half of 2022, we were able to fulfill all system orders that had remained undelivered on the date of the financial statements for 2021. In the Diagnostics Business, the NBS system has been sold to more than 210 research universities and leading hospitals across the world to date. We are happy to see that our customers are increasingly seeking to use the Nexstim system in both diagnostic and therapeutic applications. The new NBS System 5 configuration (NBS5+) is now also available in the United States, enabling the use of diagnostic and therapeutic applications in the same system. All the FDA 510(k) indications are now available in the same system in the US market, which is important. As an example of this progress, we are pleased to announce that all of the seven NBS systems delivered during the first half of 2022 had both diagnostics and therapy treatment applications. It is also our pleasure to announce that during the first half of the year, we delivered the second NBS5+ system to the first hospital chain in the United States. We see this combined system as a clear competitive advantage and look forward to expanding with this platform approach to other key markets globally.

The net sales of the Therapy Business increased by 290.4% during the first half of 2022, amounting to EUR 4.7 million (1.2). The growth was due to the sale of a license to Magnus Medical, Inc., totaling around EUR 3.5 million, which was recognized as revenue. During the review period, we sold three new NBT<sup>®</sup> systems: two to North America and one to Europe for the treatment of severe depression. In the Therapy Business, by the end of the first half of 2022, a total of 57 Nexstim systems with therapy capabilities had been installed worldwide (22 in the United States and 35 in Europe and the rest of the world) for the treatment of depression and chronic neuropathic pain. This number includes both NBT<sup>®</sup> systems and NBS systems with an additional NBT software option installed.

In addition to the deliveries mentioned above, we had an order backlog of around EUR 0.3 million EUR at the end of the first half of 2022.

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Nexstim's cash and cash equivalents totaled EUR 6.6 million on June 30, 2022. The company's profitability continued to improve significantly during the first half of 2022, and our solvency has also improved accordingly. In addition to this favorable development, a license fee of around EUR 3.5 million from Magnus Medical in February 2022 has further improved the company's solvency and cash adequacy. Through profitable growth, we are seeking to minimize any needs for new equity, and the company is not currently actively planning new financing rounds.

## *Our strategy focuses on creating growth and profitability*

In February, we announced the sale of our technology license related to the NBT® system to Magnus Medical, Inc. The total value of the agreement is around EUR 17 million. We will continue our operations as normal and focus on implementing our strategy until the beginning of the five-year royalty period. The license agreement provides Nexstim with unique opportunities to gain financial benefits, expand the use of our technology in the treatment of patients, and allocate our resources to other business areas during the royalty period.

Our strategic main goals for 2022 also include expanding Nexstim's network of exclusive partner clinics, especially in the United States. This involves the installation of Nexstim systems in neuroscience centers in line with our revised strategy, mainly in cooperation with our partners. Our new partnerships focus on strategic investments in service organizations, especially in the vast U.S. market, but partnerships are also possible for targeted investments in the European and Asian markets.

The agreement on strategic cooperation and a minority interest in PNC Management Services LLC signed at the end of 2021 is our first concrete step on this important strategic development path. This partnership allows us to work close to the patients and collect accurate information at the patient interface. We are very pleased with our cooperation with Dr. Kuluva and his clinic, and we believe this cooperation will create excellent opportunities for us to continue our growth in the future. In May 2022, the parties signed an agreement that entitles Dr. Kuluva to a 10% minority interest in the private equity company established by Nexstim in the United States. The purpose of the private equity company is to further expand Nexstim's network of partner clinics in the United States. We are looking forward to continuing our cooperation with Dr. Kuluva's expert team. Through our cooperation, Nexstim's TMS technology can be used to treat a growing number of patients in the United States.

## *Creating future growth paths*

In February, we reported the clinical outcomes of the first 311 patients who had completed treatment with the Nexstim NBT® system for major depressive disorder (MDD). The Nexstim NBT® system is indicated for the treatment of MDD in adult patients who have failed to achieve satisfactory improvement from prior antidepressant medication in the current episode. The treatment outcomes of these 311 patients were excellent: around 50% were in remission at the end of the treatment and 77% had obtained a clinical response. These outcomes are markedly higher than what is usually reported for MDD with TMS systems: In a well-conducted multisite study, remission rates were 26.5–28.7%, and the patient-reported response rates were 41.5–56.4%<sup>1</sup>. The patient-reported remission and response rates are also higher than those reported in a large sample of more than 3,800 patients who completed clinical rTMS treatment (remission 29.7–36.2%, response 62.7–70.4%)<sup>2</sup>. We will continue to collect this invaluable patient registry data during the second half of 2022.

The pilot study at Kuopio University Hospital continues. It examines the use of an accelerated iTBS protocol in the treatment of severe depression with the Nexstim NBT® system. Accelerated iTBS means transcranial magnetic stimulation (TMS) therapy where stimulation is given several times per day for one week, whereas in conventional TMS therapy, stimulation is given once a day during several weeks.

In the continuation of the previously reported pilot study, the effectiveness of the accelerated iTBS protocol will be tested in an additional 20 patients. The patient treatments in the continued pilot study were estimated to be completed in mid-2022, but the nurses' strike in the spring temporarily discontinued the study, and our current estimate is that the treatments will continue until the end of 2022. Nexstim is actively monitoring the continuation of treatment, and the results will be announced as soon as possible after their completion.

Our system is clearly differentiated from the TMS systems currently on the market that do not have navigation capabilities.

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In the future, the need for a navigation function is likely to be further emphasized in technology that could treat patients in hospital for severe, treatment-resistant depression (TRD) and possible suicidal ideation. This could potentially open a new TMS treatment market for Nexstim that is separate from the current treatment of patients with MDD. Getting more data on the patient treatment outcomes with the intensified accelerated treatment protocols is important for the strategic development path of our business.

## *Creating shareholder value in exceptional circumstances*

While investing in growth, we are actively monitoring the global political situation, which has changed due to the war in Ukraine. We unequivocally condemn Russia's military action in Ukraine and hope for a quick, peaceful resolution of the conflict. Despite the international tension, our outlook for 2022 continues to be positive. At Nexstim, we purposefully continue our work to enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders. We strongly believe that our work supports the growth of shareholder value over the long term, in the form of stronger competitive advantages, rapid growth, and better financial performance. While remaining optimistic about the future, we will continue to monitor closely both the situation in Ukraine and the coronavirus pandemic as we promote our business.

1) Carpenter L. et al. Transcranial magnetic stimulation (TMS) for major depression: a multisite, naturalistic, observational study of acute treatment outcomes in clinical practice. *Depress Anxiety*. 2012 Jul;29(7):587–96. Epub 2012 Jun 11.

2) Sackheim, H. et al. Clinical outcomes in a large registry of patients with major depressive disorder treated with Transcranial Magnetic Stimulation. *Journal of Affective Disorders* 277 (2020) 65–74

## **Nexstim's business areas**

### **Diagnostics business (NBS)**

- Nexstim's NBS system is the only CE-marked and FDA-cleared non-invasive solution for pre-surgical mapping of the motor cortex in brain cancer. Clinical data has been generated demonstrating the value of Nexstim's unique navigation system for pre-surgical mapping with regard to patient outcomes.
- The NBS system allows surgeons to be better prepared and more aggressive with tumor resection, due to their confidence in the location of the motor and speech cortex because of pre-surgical mapping. The non-invasive device has demonstrated a 46% increase in progression-free survival in low grade gliomas versus the current gold standard.
- NBS systems have been sold to around 210 research universities and leading hospitals across the world.

### **Therapy business (NBT®)**

- Nexstim's NBT® platform is based on its unique navigated Transcranial Magnetic Stimulation (nTMS) technology, which allows for personalized, accurate, reproducible, and non-invasive brain stimulation.
- In May 2018, Nexstim launched its Navigated Brain Therapy (NBT®) system in the United States for the treatment of MDD, following FDA clearance in November 2017.
- More than 300 million people worldwide are suffering from severe depression (MDD), with 20–40% of patients not responding to current treatment options. As a result, the treatment of MDD is the key focus for Nexstim's sales and marketing activities for its NBT® system.
- The NBT® system is CE-marked for the treatment of depression and chronic pain.
- During the second half of 2022, we are planning to continue medical pilot trials.
- We have an active commercial installed base of 57 NBT® systems across three continents.

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## Financial review January 1 to June 30, 2022

### Operating result

#### Net sales

EUR 1,000	1–6/2022 6 months	1–6/2021 6 months	Change, %	1–12/2021 12 months
<b>Net sales</b>	<b>6,793.0</b>	<b>2,958.6</b>	<b>129.6%</b>	<b>6,397.5</b>
<i>Diagnostics</i>	2,092.9	1,754.8	19.3%	3,705.5
Equipment sales	1,555.9	1,322.2	17.7%	2,800.5
Continuous net sales	537.1	434.0	23.8%	905.0
<i>Therapy</i>	4,700.1	1,203.8	290.4%	2,692.0
Equipment sales	207.2	264.2	-21.6%	920.8
Continuous net sales	958.1	938.2	2.1%	1,771.2
Licensing	3,534.8	0.0	-	0.0
<i>Net sales adjusted for currency exchange rates</i>	6,433.8	3,058.6	110.4%	6,470.5
<i>Adjusted comparable net sales*</i>	3,258.2	2,958.6	10.1%	6,397.5

\* Net sales for the review period have been adjusted for the license fee (EUR 3.5 million) for the technology license agreement with Magnus Medical.

The Nexstim Group's net sales were EUR 6,793.0 thousand (2,958.6), with an increase of 129.6%. Total net sales consist of equipment sales in the diagnostics and therapy businesses, continuous net sales and licensing.

Equipment sales accounted for EUR 1,763.1 thousand (1,586.5) of total net sales, with an increase of 11.1%. Continuous net sales accounted for EUR 1,495.2 thousand (1,372.2), with an increase of 9.0%. Licensing accounted for EUR 3,534.8 thousand (0.0), with an increase of 100%.

Net sales in the diagnostics business were EUR 2,092.9 thousand (1,754.8), with an increase of 19.3%. This included EUR 1,555.9 thousand (1,322.2) in equipment sales and EUR 537.1 thousand (434.0) in continuous net sales.

Net sales in the therapy business were EUR 4,700.1 thousand (1,203.8), with an increase of 290.4%. This included EUR 207.2 thousand (264.2) in equipment sales, EUR 958.1 thousand in continuous net sales (938.2), and EUR 3,534.8 thousand (0.0) in licensing.

Net sales adjusted for currency exchange rates were EUR 6,433.8 thousand. Net sales growth adjusted for currency exchange rates was 110.4%, which is 19.3 percentage points lower than the reported growth.

#### Significant items in the operating result

Work performed for Nexstim's own purposes amounted to EUR 691.9 thousand (444.9) and consisted of capitalized development costs. The development costs capitalized during the review period are mainly related to the further development of the company's commercialized products.

Expenses related to materials and services totaled EUR -652.8 thousand (-566.8). The gross margin was 90.4% (80.8), and the adjusted comparable gross margin was 80.0% (80.8).

Personnel expenses totaled EUR -2,495.4 thousand (-2,028.2). The increase in expenses was mainly due to changes in personnel and remuneration and the allocation of rewards and other personnel expenses.

Other operating expenses totaled EUR -1,787.6 thousand (-1,555.0). The increase in expenses mainly arose from growth in sales and marketing activities and from external services related to product development and the licensing business.

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## ***Operating result***

The operating result was EUR 2,333.4 thousand (-902.8). The review period was the first profitable half-year in the company's history in terms of the operating result.

## ***Financial income and expenses***

Net financial income and expenses amounted to EUR 880.4 thousand (54.3). Financial expenses (-19.9) mainly consisted of interest payments on product development loans and payment transaction expenses. Financial income (900.2) mainly consisted of exchange gains related to loans to subsidiaries. Exchange rate differences arise because the operating currency of Nexstim Inc., a subsidiary of the Group, is the US dollar, and because Nexstim Plc, the parent company, has provided funding to Nexstim Inc. by means of a dollar-denominated loan.

## ***Result for the period***

The result for the period was EUR 3,209.4 thousand (-946.3).

## **Financial position**

### ***Non-current assets***

The company's non-current assets were EUR 2,607.0 thousand (1,200.7). Intangible assets amounted to EUR 1,703.6 thousand, consisting mainly of capitalized development costs and intellectual property rights. Tangible assets amounted to EUR 407.6 thousand and consisted mainly of NBT<sup>®</sup> systems used for business operations. Investments totaled EUR 495.8 thousand, consisting of a strategic investment in the service company of a Californian partner clinic (PNC Management Services LLC).

### ***Current assets***

The company's current assets amounted to EUR 8,903.9 thousand (9,511.6). The change in current assets was mainly due to a change in cash in hand and at bank.

### ***Total equity***

Consolidated shareholders' equity totaled EUR 5,593.1 thousand (3,796.7). The equity ratio increased significantly, to 54.1% (38.9), as a result of the profitable result and the ensuing increase in total equity.

## ***Liabilities***

### ***Non-current liabilities***

The company's non-current liabilities totaled EUR 3,328.1 thousand (3,899.5). Its non-current liabilities mainly consist of interest-bearing long-term product development loans from Business Finland.

### ***Current liabilities***

The company's current liabilities totaled EUR 2,589.8 thousand (3,016.0). Its current liabilities mainly consist of product development loans from Business Finland, prepayments received, trade payables, and accrued expenses.

## ***Financing and liquidity***

Liquid assets, consisting of cash in hand and at bank, totaled EUR 6,580.3 thousand (6,690.8). A license fee of around EUR 3.5 million from Magnus Medical in February 2022 has further improved the company's solvency and cash adequacy. The company is not currently planning any new financing rounds.

The company's net cash flow from operating activities during the review period was EUR 2,414.0 thousand (-1,918.7). The cash flow from operating activities was also affected by the fact that, because of the global component shortage, the

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company increased its stock of products for sale and components tied to production, and made advance payments in the amount of EUR 43.2 thousand to ensure the continuity of production.

Cash flow from investing activities in the review period was EUR -748.7 thousand (-526.5). The growth mainly consisted of capitalized development costs.

Cash flow from financing activities was EUR -348.4 thousand (5,680.1) in the review period and mainly consisted of repayments of long-term product development loans.

## Organization and personnel

Nexstim's strategy is to recruit only employees who the company believes have the core competence and expertise to enable the company to operate efficiently. In line with this strategy, Nexstim has outsourced most of its operations such as production.

The company is organized into five operative functions:

- Clinical;
- Research & Development (R&D);
- Operations;
- Sales & Marketing, including After-sales and Service; and
- Administration, including Finance, Legal Affairs, Quality and Regulatory Affairs support functions.

At the end of the review period on June 30, 2022, the Nexstim Group had 39 permanent employees. Nexstim Plc (the parent company) had 28 permanent employees on June 30, 2022. Between January 1 and June 30, 2022, the Nexstim Group had an average of 38 permanent employees (2021: 34).

## Strategy

### *Key strategic objectives for 2022*

- Continued profitable net sales growth, leading to our first profit-making financial year while also minimizing future equity needs
- Expansion of Nexstim's network of exclusive partner clinics, especially in the United States

More information about the company strategy is available on our website at <https://www.nexstim.com/about-nexstim/values-and-strategy>

## Major events during the review period

On January 3, 2022, the company announced that it had completed the arrangement concerning strategic cooperation and a minority interest in PNC Management Services LLC. The arrangement had been announced on November 22, 2021. The value of the investment is around EUR 0.5 million, and it was financed using cash assets.

On February 14, 2022, the company announced that it had signed an agreement on licensing its proprietary technology to Magnus Medical, a medical technology company in the United States. The technology to be licensed is related to the NBT® system developed by the company, with certain restrictions, and the related patents, and the use of the license is restricted to the treatment of neuropsychiatric disorders. Nexstim's software applications and the modelling of stimulating electrical fields were excluded from the license. The total value of the license agreement is estimated at around USD 19 million (around EUR 17 million). During the royalty period, Nexstim is subject to certain competition restrictions concerning the sale of NBT®-based systems in the United States. Nexstim is also subject to a prohibition to apply for a new authorization from the authorities for its technology for the treatment of severe depression using the SAINT™ protocol (Stanford Accelerated Intelligent Neuromodulation Therapy), for which Magnus Medical has an exclusive license from Stanford University, or to license the technology subject to the license agreement to other operators for the treatment of severe depression using the SAINT protocol.

On March 1, 2022, the company invited its shareholders to an Annual General Meeting to be held on March 31, 2022.

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The company's Board of Directors decided on an exceptional general meeting procedure based on a temporary law approved by the Finnish Parliament. Shareholders and their proxies were able to participate in the meeting and exercise their rights only by voting in advance and presenting counterproposals and questions in advance in accordance with the invitation and other company guidelines.

On March 8, 2022, the company published its annual report for 2021. The annual report includes the Board of Directors' report, the parent company's and the Group's financial statements, and the auditor's report.

On March 11, 2022, the company announced that Nexstim Inc., its subsidiary in the United States, had established a private equity company with the aim of further expanding Nexstim's network of partner clinics in the United States. At the same time, the company announced that it would continue negotiations with Dr. Joshua Kuluva on cooperation related to the operations of the private equity company, in which Dr. Kuluva would hold a minority interest.

The company's Annual General Meeting (AGM) was held on March 31, 2022. After the AGM, the company announced the following decisions made by the AGM:

- The AGM adopted the company's financial statements, including its consolidated financial statements, for 2021, and decided that no dividend be paid, and that the loss for the financial year (January 1 to December 31, 2021) be recorded in the loss account. The AGM decided to discharge the members of the Board of Directors and the CEO from liability for the 2021 financial year (January 1 to December 31, 2021).
- The following decisions were made concerning the Board of Directors' fees: for the period ending at the close of the 2023 Annual General Meeting, EUR 36,000 will be paid to the Chair of the Board, and EUR 25,200 to the members of the Board. The members of the Shareholders' Nomination Board will not be compensated for serving as members of the Nomination Board. The restricted share plan introduced in 2016 will be extended by one year for a sixth vesting period (2022–2023) for the members elected to the Board of Directors of Nexstim Plc on conditions that are presented at [www.nexstim.com](http://www.nexstim.com).
- In terms of share rewards, the AGM decided, in accordance with the Nomination Board's proposal, that EUR 24,000 will be paid to the Chair of the Board of Directors and EUR 16,800 to each member of the Board of Directors for the 2022–2023 vesting period. The granted reward will be converted into restricted share units at the beginning of the vesting period in 2022. It is strongly recommended that the participants hold shares paid as reward as long as their mandate as a member of the Board continues.
- The AGM decided that the Board of Directors consists of four members. Martin Forss, Leena Niemistö, Tero Weckroth, and Timo Hildén continued as members of the Board. Leena Niemistö was elected as Chair of the Board.
- PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as the auditor, with Enel Sintonen as the principal auditor. A reasonable fee will be paid to the auditor.
- The AGM decided to extend the Board's authorization granted at the 2021 Annual General Meeting. The authorization concerns decisions on share issues and special rights entitling their holders to shares for a maximum of 1,300,000 shares, corresponding to the number of authorizations remaining under the authorization granted at the 2021 Annual General Meeting. The authorizations are valid until the next Annual General Meeting, starting from the decision made by the 2022 Annual General Meeting.

On April 13, 2022, the company announced that, based on the authorizations granted by the company's Annual General Meeting on March 31, 2022 and the restricted share plan approved by the AGM on March 26, 2016, the company's Board of Directors had decided to issue a total of 7,082 new shares without consideration to the members of the Board of Directors.

On April 14, 2022, the company announced managers' transactions through which shares in the company were subscribed for based on the company's reward plan as follows: Leena Niemistö 1,867 shares, Martin Forss 1,718 shares, Tero Weckroth 1,985 shares, and Timo Hildén 1,512 shares.

On May 17, 2022, the company announced that it had reached an agreement in the negotiations with Dr. Joshua Kuluva on his 10% minority interest in the private equity company established by Nexstim Inc., the company's subsidiary.

## Major events after the financial year

The company has not had any major events after the review period.

## Major risks and uncertainties

Nexstim's operations, finances, and shares involve risks that may be significant for the company and its share value. These risks are assessed by the Board of Directors twice a year as part of the strategy and business planning process. The



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risks are published in full in the financial statements and in the Board of Directors' report. The half-year reports only present the changes in short-term risks.

The ongoing coronavirus pandemic continues to pose a significant health and macroeconomic risk, which can affect the Group's personnel as well as its operations. The prolonged pandemic has affected the availability and price of some components globally, for example. The company is actively monitoring the pandemic situation and official regulations in its countries of operation. The company is seeking to anticipate the impacts of any new restrictions and to ensure favorable conditions for uninterrupted business operations. We are also actively monitoring the global political situation, which has changed due to the war in Ukraine and its possible reflective effects on the general cost level, e.g. through rising energy prices.

There have not been any other major changes in the company's short-term risks since the release of its 2021 financial statements.

## Shares and shareholders

On June 30, 2022, the fully paid-up share capital of Nexstim Plc amounted to EUR 80,000.00, consisting of 6,693,755 shares. The shares have no nominal value. Nexstim has one series of shares (ISIN code: FI4000506811). Nexstim did not hold any treasury shares at the end of the reporting period. Each share entitles its holder to one vote at the General Meetings of Nexstim Plc. The shares are issued under Finnish law.

Nexstim Plc's shares are listed on the Nasdaq First North Growth Market Finland and Sweden. Share price information from the Nasdaq First North Growth Market Finland (EUR) and the Nasdaq First North Growth Market Sweden (SEK) is presented below. In the comparison period, the numbers and prices of shares have been adjusted for the share reduction implemented on May 17, 2022, in which the number of shares was divided by 100.

Between January 1 and June 30, 2022, the highest price of the company's shares was EUR 5.90 (2021: EUR 9.63) and SEK 64.40 (2021: SEK 97.90), the lowest price was EUR 3.62 (2021: EUR 4.16) and SEK 38.20 (2021: SEK 41.80), and the average price was EUR 4.80 (2021: EUR 6.64) and SEK 49.71 (2021: SEK 68.57). The closing price on December 31, 2021 was EUR 4.10 (2021: EUR 4.16) and SEK 44.90 (2021: SEK 41.80).

In public trading between January 1 and December 31, 2022, a total of 1,554,753 shares were traded, which corresponds to 23.2% of the average number of shares during the period in question. Between January 1 and June 30, 2022, there were 6,689,725 shares on average.

The market value of the share capital at the closing price on June 30, 2022 (EUR 4.10 and SEK 44.90) was EUR 27,444 thousand (2021: 27,817) and SEK 300,550 thousand (2021: 279,503).

On June 30, 2022, Nexstim Plc had a total of 580 warrants outstanding, with a share-specific subscription price of EUR 32.00. In addition, stock option rights amounted to a total 584,341 shares, with a share-specific subscription price of EUR 1.00 to EUR 23.00. More detailed information about outstanding warrants and option rights is available on the company website at <https://www.nexstim.com/investors/share-information>

On June 30, 2022, Nexstim Plc's Board of Directors had the following authorizations granted.

Total authorizations: 1,301,861 shares (see the excerpts from the decisions made by the 2021 and 2022 Annual General Meetings below; the numbers and prices of shares have been adjusted for the share reduction implemented on May 17, 2022, in which the number of shares was divided by 100)

On March 31, 2022, the Annual General Meeting decided to approve the following authorization based on the Board of Directors' proposal:

The Board of Directors was authorized to decide on (i) the issue of new shares, and/or (ii) the transfer of treasury shares, and/or (iii) the issue of special rights under chapter 10, section 1 of the Limited Liability Companies Act on the following conditions:

Right to shares: New shares may be issued and treasury shares may be transferred •

- to the company's shareholders in proportion to their current shareholding in the company; or
- through a directed share issue, by way of derogation from the shareholders' pre-emptive right, if the company has a weighty financial reason to do so, such as using shares as consideration in possible acquisitions or other arrangements related to the company's business operations, or the financing of investments.

New shares can also be issued without consideration to the company itself.

# Nexstim

**Paid and free share issues:** New shares can be issued and treasury shares can be transferred either against consideration (paid share issue) or without consideration (free share issue). A directed share issue can be free only if there is a weighty financial reason for such an issue, taking into account the interests of the company and all its shareholders. The authorization entitles the Board of Directors to decide on the issue of new shares and/or the transfer of treasury shares so that the maximum number of shares to be issued and/or transferred is 1,300,000.

**Issue of special rights:** Under chapter 10, section 1 of the Limited Liability Companies Act, the Board of Directors may issue special rights entitling their holders to new shares or treasury shares against consideration. Such a right may also be issued to a creditor of the company so that the right involves an obligation for the creditor to use the receivable to offset the subscription price (convertible bond). The total number of new shares subscribed for and treasury shares transferred under the special rights issued by the company can be no higher than 1,300,000, which is included in the maximum number mentioned above under “Maximum number of shares.”

**Recognition of the subscription price on the balance sheet:** The subscription price of the new shares and the amount to be paid for treasury shares must be recorded in the reserve for invested unrestricted equity.

The Board of Directors will decide on all other matters related to authorizations. The authorizations are valid until the next Annual General Meeting, starting from the decision made by this Annual General Meeting. The remaining authorization covers a maximum of 1,300,000 shares.

On May 11, 2021, the Annual General Meeting unanimously decided to approve the following authorization based on the Board of Directors’ proposal:

The Board of Directors was authorized to decide on (i) the issue of new shares, and/or (ii) the transfer of treasury shares, and/or (iii) the issue of special rights under chapter 10, section 1 of the Limited Liability Companies Act on the following conditions:

The authorization concerns new shares in the company or treasury shares. Based on and within the limits of this authorization, the Board of Directors can also decide on the issue of option rights or other special rights set forth in Chapter 10 of the Limited Liability Companies Act, complementing or replacing an issue of shares.

New shares can also be issued without consideration to the company itself. **Paid and free share issues:** New shares can be issued and treasury shares can be transferred either against consideration (paid share issue) or without consideration (free share issue). A directed share issue can be free only if there is a weighty financial reason for such an issue, taking into account the interests of the company and all its shareholders.

A maximum of 55,000 shares may be issued under the authorization. Shares, option rights, and/or other special rights entitling their holders to shares can be issued in one or more instalments. The Board of Directors is authorized to decide on all terms for the share issues and the terms for granting option rights and other special rights entitling their holders to shares. The Board of Directors is authorized to decide on a directed share issue and the issue of special rights entitling their holders to shares in deviation from the shareholders’ pre-emptive right, provided that there is a weighty financial reason for the company to do so. The authorization is valid for five (5) years from the decision of the Annual General Meeting. The authorization can be used to implement the Board members’ restricted share plan and the management’s and employees’ long-term incentive plans. The authorization can also be used to make arrangements related to the provision of incentives, and to pay the Board of Directors’ fees. The authorizations do not invalidate previously granted authorizations to decide on share issues and the issue of special rights entitling their holders to shares. The remaining authorization covers a maximum of 1,861 shares.

## LARGEST SHAREHOLDERS

According to the register of shareholders maintained by Euroclear Finland Ltd, the holdings of Nexstim Plc's 20 largest shareholders on June 30, 2022 were as follows:

Shareholder	Number of shares	Holding, %
1 Kaikarhenni Oy	1,022,416	15.27
2 Haapaniemi Ossi	589,222	8.8
3 Joensuun Kauppa ja Kone Oy	333,712	4.99
4 Valjakka Juha Matti	121,719	1.82
5 Kalksten Properties Koy	114,124	1.7
6 Syrjänen Eva Annika Elisabeth	113,440	1.69
7 K22 Finance Oy	109,287	1.63
8 Wetrock Capital & Consulting Oy	101,573	1.52
9 Kakkonen Kari Heikki Ilmari	69,649	1.04
10 Niukkanen Pentti Juhani	65,000	0.97
11 Schengen Investment Oy	50,095	0.75
12 Salmela Veijo Ensio	44,000	0.66
13 Jokinen Jukka Erkki	40,000	0.6
14 Filen Harri Johannes	38,551	0.58
15 Kaukoranta Eero Onni	36,232	0.54
16 Matril Oy	30,783	0.46
17 Pettersson Jan Åke	29,000	0.43
18 Ruponen Esa Juhani	27,277	0.41
19 Pyykönen Riku Tapani	26,300	0.39
20 Kivi Esko	22,992	0.34

## Publication of financial information

The financial statements bulletin for the financial year that will end on December 31, 2022, will be published on or around February 27, 2023.

## Results briefing on August 12, 2022

The company will hold two live webinars for the media, investors, and analysts on Friday, August 12, 2022. Mikko Karvinen, CEO, and Joonas Juokslahti, CFO, will present the company's financial and operational results, and will answer questions.

The first webinar will be held in Finnish at 10.30 am (EEST). The second webinar will be held in English at 3 pm (EEST).

## Webinar details:

To attend the webinars, please register via the links below. Registered participants will receive more information via email.

Finnish-language webinar on August 12, 2022 at 10.30 am (EEST): [Sign up here >>>](#)

English-language webinar on August 12, 2022 at 3 pm (EEST) [Sign up here >>>](#)

## Basis of preparation of the half-year report

Nexstim Plc's half-year report has been prepared in accordance with the Finnish Accounting Standards and presented in accordance with the rules of the First North marketplace. The financial information presented in the half-year report is unaudited. The figures presented have been subject to rounding adjustments.

# Nexstim

## CONSOLIDATED INCOME STATEMENT

(EUR 1,000)	January 1 – June 30, 2022	January 1 – June 30, 2021	January 1 – December 31, 2021
<b>NET SALES</b>	<b>6,793.0</b>	<b>2,958.6</b>	<b>6,397.5</b>
Capitalized fixed assets	691.9	444.9	958.5
Other operating income	3.5	16.5	201.9
Materials and services			
Materials			
Purchases during the review period	-651.5	-715.8	-1,674.1
Increase (+) or decrease (-) in inventories	-1.3	149.0	538.5
Total	-652.8	-566.8	-1,135.5
Personnel expenses			
Wages and salaries	-2,054.8	-1,707.6	-3,662.6
Social security expenses			
Pension expenses	-240.3	-175.8	-407.9
Other social security expenses	-200.2	-144.8	-277.2
Total	-2,495.4	-2,028.2	-4,347.8
Depreciation and amortization			
Depreciation and amortization according to plan	-219.3	-172.7	-443.5
Total	-219.3	-172.7	-443.5
Other operating expenses	-1,787.6	-1,555.0	-3,083.3
<b>OPERATING RESULT</b>	<b>2,333.4</b>	<b>-902.8</b>	<b>-1,452.2</b>
Financial income and expenses	880.4	54.3	718.9
<b>RESULT BEFORE TAXES</b>	<b>3,213.7</b>	<b>-848.5</b>	<b>-733.3</b>
Income taxes	-4.3	-97.8	-98.9
<b>RESULT FOR THE PERIOD</b>	<b>3,209.4</b>	<b>-946.3</b>	<b>-832.1</b>

# Nexstim

## CONSOLIDATED BALANCE SHEET

(EUR 1,000)	6/30/2022	6/30/2021	12/31/2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Development expenditure	1,410.4	450.8	845.6
Intangible rights	293.2	288.2	276.7
<b>Total</b>	<b>1,703.6</b>	<b>739.0</b>	<b>1,122.3</b>
<b>Tangible assets</b>			
Machinery and equipment	407.6	461.7	434.9
<b>Total</b>	<b>407.6</b>	<b>461.7</b>	<b>434.9</b>
<b>Investments</b>			
Interests in associated companies	495.8	0.0	454.7
<b>Total</b>	<b>495.8</b>	<b>0.0</b>	<b>454.7</b>
<b>NON-CURRENT ASSETS TOTAL</b>	<b>2,607.0</b>	<b>1,200.7</b>	<b>2,011.9</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials and consumables	983.6	595.4	985.0
<b>Total</b>	<b>983.6</b>	<b>595.4</b>	<b>985.0</b>
<b>Receivables</b>			
Trade receivables	739.8	1,673.6	1,441.9
Prepayments and accrued income	374.7	389.6	200.1
Other receivables	225.4	162.2	206.2
<b>Total</b>	<b>1,339.9</b>	<b>2,225.3</b>	<b>1,848.2</b>
<b>Cash in hand and at banks</b>	<b>6,580.3</b>	<b>6,690.8</b>	<b>5,194.7</b>
<b>CURRENT ASSETS TOTAL</b>	<b>8,903.9</b>	<b>9,511.6</b>	<b>8,027.8</b>
<b>ASSETS TOTAL</b>	<b>11,510.9</b>	<b>10,712.2</b>	<b>10,039.7</b>

# Nexstim

<b>(EUR 1,000)</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>12/31/2021</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	54,917.8	54,917.8	54,917.8
Retained earnings	-52,614.1	-50,254.8	-50,962.9
Result for the period	3,209.4	-946.3	-832.1
<b>TOTAL EQUITY</b>	<b>5,593.1</b>	<b>3,796.7</b>	<b>3,202.7</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT</b>			
Other interest-bearing loans	3,328.1	3,899.5	3,274.2
<b>Total</b>	<b>3,328.1</b>	<b>3,899.5</b>	<b>3,274.2</b>
<b>CURRENT</b>			
Loans from financial institutions	217.1	507.7	619.4
Trade payables	274.3	213.3	255.0
Other liabilities	1,408.7	1,860.3	1,870.8
Accrued expenses	689.7	434.8	817.5
<b>Total</b>	<b>2,589.8</b>	<b>3,016.0</b>	<b>3,562.8</b>
<b>TOTAL LIABILITIES</b>	<b>5,917.8</b>	<b>6,915.5</b>	<b>6,837.0</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>11,510.9</b>	<b>10,712.2</b>	<b>10,039.7</b>

# Nexstim

## CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

<b>(EUR 1,000)</b>	<b>Share capital</b>	<b>Reserve for invested unrestricted equity</b>	<b>Retained earnings (loss)</b>	<b>Equity total</b>
<b>Equity on December 31, 2021</b>	80.0	54,917.8	-51,795.1	3,202.7
Issue of shares				0.0
Result for the period			3,209.4	3,209.4
Translation difference			-819.1	-819.1
<b>Equity on June 30, 2022</b>	80.0	54,917.8	-49,404.8	5,593.0

	<b>Share capital</b>	<b>Reserve for invested unrestricted equity</b>	<b>Retained earnings (loss)</b>	<b>Equity total</b>
<b>Equity on December 31, 2020</b>	80.0	48,310.7	-49,859.9	-1,469.1
Issue of shares		6,607.0		6,607.0
Result for the period			-832.1	-832.1
Translation difference			-1,103.1	-1,103.1
<b>Equity on December 31, 2021</b>	80.0	54,917.8	-51,795.1	3,202.7

	<b>Share capital</b>	<b>Reserve for invested unrestricted equity</b>	<b>Retained earnings (loss)</b>	<b>Equity total</b>
<b>Equity on December 31, 2020</b>	80.0	48,310.7	-49,859.9	-1,469.1
Issue of shares		6,607.0		6,607.0
Result for the period			-946.3	-946.3
Translation difference			-394.9	-394.9
<b>Equity on June 30, 2021</b>	80.0	54,917.7	-51,201.1	3,796.6

## CONSOLIDATED CASH FLOW STATEMENT

Thousand euro	January 1 – June 30, 2022	January 1 – June 30, 2021	January 1 – December 31, 2021
<b>Cash flow from operating activities</b>			
Result for the period	3,209.4	-946.3	-832.1
Adjustments:			
Depreciation and amortization according to plan	219.3	172.7	443.5
Other adjustments (income - / expense +)	0.0	-108.5	-1,106.4
Financial income and expenses	-926.0	-344.0	-902.8
<b>Cash flow before change in working capital</b>	<b>2,502.7</b>	<b>-1,226.0</b>	<b>-2,397.8</b>
<b>Change in working capital:</b>			
Increase (-) or decrease (+) in current receivables	554.0	-320.2	817.9
Increase (-) or decrease (+) in inventories	31.3	-149.0	-538.5
Increase (-) or decrease (+) in long-term receivables	0.0	11.8	22.5
Increase (+) or decrease (-) in current interest-free payables	-639.0	-147.8	287.2
<b>Cash flow from operating activities before financial items and taxes</b>	<b>2,449.0</b>	<b>-1,831.3</b>	<b>-1,808.7</b>
Interest and other financial expenses paid	-35.0	-87.4	-300.3
<b>Cash flow from operating activities (A)</b>	<b>2,414.0</b>	<b>-1,918.7</b>	<b>-2,109.0</b>
<b>Cash flow from investing activities</b>			
Investments in intangible and tangible assets	-748.7	-526.5	-1,608.5
<b>Cash flow from investing activities (B)</b>	<b>-748.7</b>	<b>-526.5</b>	<b>-1,608.5</b>
<b>Cash flow from financing activities</b>			
Issue of shares	0.0	6,317.3	6,607.0
Drawing (+) or repayment of short-term loans (-)	-402.3	-644.8	-533.1
Drawing (+) or repayment of long-term loans (-)	53.9	7.6	-617.6
<b>Cash flow from financing activities (C)</b>	<b>-348.4</b>	<b>5,680.2</b>	<b>5,456.3</b>
<b>Change in cash in hand and at bank</b>	<b>1,317.0</b>	<b>3,235.0</b>	<b>1,738.8</b>
<b>Cash in hand and at bank in the beginning of the period</b>	<b>5,194.7</b>	<b>3,455.8</b>	<b>3,455.8</b>
<b>Impact of exchange rate changes</b>	<b>68.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Cash in hand and at bank at end of the period</b>	<b>6,580.3</b>	<b>6,690.8</b>	<b>5,194.7</b>



# Nexstim

## MATERIAL TRANSACTIONS WITH RELATED PARTIES

Nexstim's related parties include its subsidiaries, the members of its Board of Directors, the CEO, and the members of its Management Team, as well as shareholders who exercise considerable influence in the company. The company's related parties also include close family members of such persons, as well as entities in which such persons have a controlling interest. The company did not have any material transactions with related parties during the review period.

## CONTINGENT LIABILITIES

EUR in thousands	30 June 2022	30 June 2021	31 Dec. 2021
Guarantees	41.9	41.7	41.6
Leasing liabilities	66.4	64.2	63.7

## CALCULATION OF KEY FIGURES

Gross margin	Net sales - Materials and services
Gross margin-%	Gross margin / Net sales
Adjusted comparable gross margin	(Net sales - extraordinary items) - Materials and services
Adjusted comparable gross margin-%	Adjusted comparable gross margin / Net sales
Earnings per share	Result for the review period / Average number of shares
Diluted earnings per share	Result for the review period / Diluted average number of shares
Equity ratio (%)	100 * (Equity + Voluntary reserves) / (Adjusted balance sheet total - Advance payments based on work performed)

Helsinki, August 12, 2022

Nexstim Plc  
Board of Directors

Further information is available on the website [www.nexstim.com](http://www.nexstim.com) or by contacting:

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# Nexstim

## **About Nexstim Plc**

Nexstim is a Finnish, globally operating growth-oriented medical technology company. Our mission is to enable personalized and effective diagnostics and therapies for challenging brain diseases and disorders.

Nexstim has developed a world-leading non-invasive brain stimulation technology for navigated transcranial magnetic stimulation (nTMS) with highly sophisticated 3D navigation providing accurate and personalized targeting of the TMS to the specific area of the brain.

Nexstim's Diagnostics Business focuses on commercialization of the Navigated Brain Stimulation (NBS) system. The NBS system is the only FDA cleared and CE marked navigated TMS system for pre-surgical mapping of the speech and motor cortices of the brain.

Nexstim's Therapy Business markets and sells the Navigated Brain Therapy (NBT®) system, which is FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, the NBT® system is CE marked for the treatment of major depression and chronic neuropathic pain.

Nexstim shares are listed on the Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden.

For more information, please visit [www.nexstim.com](http://www.nexstim.com)