**THE PROPOSALS OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES OF NEXSTIM PLC TO THE ANNUAL SHAREHOLDER’S MEETING**

**THE PROPOSAL OF THE NOMINATION COMMITTEE FOR THE ANNUAL SHAREHOLDER’S MEETING**

* **The Nomination Committee** of Nexstim Plc, which has the representation from the largest shareholders, **proposes** to the Annual Shareholder’s Meeting which will be held on 28 March 2018 that the number of members of the Board of Directors be confirmed as five (5) members. The Board members are elected to serve for a term ending at the end of the next Annual General Meeting.
* **The Nomination Committee proposes** that, in accordance with their consent Ken Charhut, Tomas Holmberg, Rohan Hoare, Martin Jamieson and Juliet Thompson are re-elected as members of the Board of Directors, with Martin Jamieson as the chairman and Juliet Thompson as the deputy chairman. Ken Charhut, Tomas Holmberg, Rohan Hoare and Juliet Thompson are independent from the Company. Martin Jamieson is the CEO of the Company.

Fees and travelling expenses:

* **The** **Nomination Committee proposes** that the members of the Board of Directors who are elected in the Annual General Meeting shall be paid as follows for the term ending in the Annual General Meeting in 2019:
	+ EUR 36,000 for a member who is based in the United States and EUR 27,000 for a member who is based in Europe. The Nomination Committee proposes that the Board members invest half of their board fees into Nexstim shares. For avoidance of doubt, the Chairman will not receive any remuneration for board membership whilst he is also the CEO of the Company.
	+ The Company has three board committees: nomination, audit and remuneration. The members of the board committees shall be paid as follows: EUR 10,000 for the chairman of a committee per year and EUR 5,000 for the members of a Committee.
* In addition, **the Nomination Committee proposes** that reasonable travel expenses are reimbursed to the members of the Board.
* **The Nomination Committee proposes** that the Board members invest half of their board fees into Nexstim shares.

Restricted Share Unit Plan for members of the Board of Directors during term 2018-2019

* **The Nomination Committee proposes** that the target group of the restricted share unit plan (RSU) as decided in the AGM in 2016 will be those members of the Board of Directors who are independent of the Company. Martin Jamieson will not receive shares based on the RSU due to his position as CEO of the Company but may participate in other share-based incentive schemes on such terms as the Board of Directors may decide.
* **The Nomination Committee proposes** that the reward allocations in 2018 will be determined as a Euro value.
* **The Nomination Committee proposes** that for each Board member, the grant gross value of the reward for the vesting period 2018—2019 will be EUR 12,500. The aim is to propose equal allocations for the Board Members also to the Annual General Meetings of Shareholders 2019.
* **The Nomination Committee proposes** that rewards from the plan will be paid to the Board Members in the company´s shares within four weeks of the Annual General Meeting of Shareholders 2019 and 2020. The allocated reward for the vesting period 2018—2019 will be paid within four weeks of the Annual General Meeting of Shareholders 2019.
* **The Nomination Committee proposes** that the participants will be strongly recommended to hold shares paid as reward as long as their mandate as a member of the Board continues.

**THE PROPOSAL OF THE AUDIT COMMITTEE FOR THE ANNUAL SHAREHOLDER’S MEETING**

* **The Audit Committee** of the Board of Directors **proposes** that the firm of authorized public accountants PricewaterhouseCoopers Oy, which has appointed Martin Grandell as responsible auditor, to be appointed as Auditor to serve for a term ending at the end of the next Annual General Meeting of Shareholders.
* **The Audit Committee proposes** that the Auditors be paid reasonable remuneration in accordance with the invoice approved by the company.

**THE PROPOSALS OF THE BOARD OF DIRECTOR’S FOR THE ANNUAL SHAREHOLDER’S MEETING**

**Dividend**

* **The Board of Directors proposes** to the Annual General Meeting of Shareholders that no dividend be paid for the financial year 1 January – 31 December 2017 and that the loss of the financial year be recorded to the loss account.

**Resolutions relating to a Financing Arrangement**

Description of the Financing Arrangement

Nexstim announced in a company release published on 16 October 2017 that it was negotiating a financing arrangement (the "**Financing Arrangement**"), as described in the company release, with a European growth debt provider. In a company release published on 11 December 2017, Nexstim announced that it had entered into a loan agreement with Kreos Capital V (UK) Limited ("**Kreos**"). In the Financing Arrangement, Kreos will grant Nexstim a senior secured term loan facility of EUR 4 million (the "**Loan Agreement**"). Loans drawn down under the Loan Agreement will carry interest at the rate of 10.75% per annum.

The Financing Arrangement is conditional on the approval of the Annual General Meeting.

In addition to the interest, Nexstim will be liable for the following fees and expenses under the Loan Agreement:

* a EUR 40,000 transaction fee;
* a fee calculated as 1.75% of the amounts drawn down under the Loan Agreement; and
* if the Loan Agreement is not fully drawn, a fee calculated as 1.00% of the undrawn loan amount, however, should the Annual General Meeting not approve the Financing Arrangement, this fee will not become payable.

The following assets will be pledged, by Nexstim and its respective subsidiaries, pursuant to security agreements (the "**Security Agreements**"), as security for the amounts payable under the Loan Agreement:

* Nexstim's bank accounts, promissory notes establishing a business mortgage over Nexstim's assets, intra-group loan receivables, the Nex 10 and Nex 15 patent families and trademarks as specified in the relevant agreement and the shares in Nexstim's UK subsidiary Nexstim Ltd and shares in Nexstim's German subsidiary Nexstim Germany GmbH;
* the shares in Nexstim's US subsidiary Nexstim, Inc. as well as its assets capable of being pledged; and
* the bank accounts and receivables of Nexstim's German subsidiary Nexstim Germany GmbH.

The Security Agreements also include Nexstim's US subsidiary Nexstim, Inc.'s Guaranty Agreement.

The Financing Arrangement also includes issuing warrants over new shares in Nexstim (the "**Warrants**"). An agreement governing the issuance of the Warrants would be entered into by and between Nexstim and Kreos Capital V (Expert Fund) LP (the "**Warrant Agreement**"). The maximum number of new shares to which the warrants entitle will be 1,739,761 (being 480,000 divided by the 90-day volume-weighted average price of the Nexstim share, as further specified in the Warrant Agreement).

The proceeds of the Financing Arrangement would primarily be used in furtherance of the bringing to market of Nexstim NBT® and NBS products in Europe and in particular in the United States.

In order for the Financing Arrangement to be effectuated, **the Board of Directors proposes** that the Annual General Meeting resolves to (i) approve the Financing Arrangement and (ii) authorise the Board of Directors to resolve on issuing the Warrants, being special rights entitling to shares.

The following proposals of the Board of Directors set out in sections 16.2-16.3 comprise an entirety the approval of which shall be presented as a single resolution.

## Approval of the Financing Arrangement

**The Board of Directors proposes** that the Annual General Meeting approve the Financing Arrangement as well as the related Loan Agreement, the Security Agreements and the Warrant Agreement.

## Authorization for the Board of Directors to resolve on issuing special rights entitling to shares

**The Board of Directors proposes** that the Annual General Meeting authorise the Board of Directors to resolve to issue special rights entitling to shares pursuant to Chapter 10 of the Companies Act through one or several resolutions in order to effectuate the Financing Arrangement and to issue Warrants to Kreos Capital V (Expert Fund) LP as set out above and below.

The maximum number of new or treasury shares to which the special rights entitling to shares (the Warrants) issued pursuant to this section 16.3 may entitle shall be 1,739,761 shares in aggregate (corresponding to approximately 1.86% of the currently existing shares in the Company).

The Board of Directors is authorised to resolve on all the terms of issuing the special rights entitling to shares. Weighty financial reasons exist for the issuance of the special rights entitling to shares as such issuance relates to the Financing Arrangement which, in the assessment of the Board of Directors, is necessary for the furtherance of the bringing to market of Nexstim NBT® and NBS products in Europe and the US.

The authorization is valid for five (5) years from the decision of the Annual General Meeting of Shareholders. The authorization does not invalidate existing authorizations given to the Board of Directors.

Authorizations of the board of directors to decide on share issue, as well as option rights and special rights entitling to shares

*Authorization intended to be used for future financing needs and possible mergers and acquisitions and other corporate purposes*

* **The Board of Directors proposes** that the Annual General Meeting of Shareholders authorizes the Board of Directors to decide on share issues as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act as follows:
	+ The shares issued under the authorization are new or those in the Company's possession. Under the authorization, a maximum of twenty million (20,000,000) shares may be issued, which corresponds to approximately seventeen point sixty five (17,65 %) percent of all the shares in the Company after the share issue, provided that new shares are issued. The shares and option rights or other special rights entitling to shares can be issued in one or more tranches.
	+ The Board of Directors is authorized to resolve on all terms for the share issue and granting of the special rights entitling to shares. The Board of Directors is authorized to resolve on a directed share issue and issue of the special rights entitling 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 proposed authorization does not invalidate prior resolved and registered authorizations made at the General Meeting of Shareholders regarding share issue, issuing of option rights and other special rights entitling to shares.
* The authorization is valid for one (1) year from the decision of the Annual General Meeting of Shareholders.
* The Company intends to use this authorization for the future financing needs and possible mergers and acquisitions and other corporate purposes.

*Authorization intended to be used for the implementation of the RSU plan and for the long-term incentive plans for the management and the personnel of the Company*

* **The Board of Directors proposes** that the Annual General Meeting of Shareholders authorizes the Board of Directors to decide on share issues as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act as follows:
	+ The shares issued under the authorization are new or those in the Company's possession. Under the authorization, a maximum of three million (3 000,000) shares may be issued, which corresponds to approximately three point eleven (3.11 %) percent of all the shares in the Company after the share issue, provided that new shares are issued. The shares and option rights or other special rights entitling to shares can be issued in one or more tranches.
	+ The Board of Directors is authorized to resolve on all terms for the share issue and granting of the special rights entitling to shares. The Board of Directors is authorized to resolve on a directed share issue and issue of the special rights entitling 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 can also be used for incentive arrangements and payment of the Board fees.
* The proposed authorization does not invalidate prior resolved and registered authorizations made at the General Meeting of Shareholders regarding share issue, issuing of option rights and other special rights entitling to shares.
* The authorization is valid for five (5) years from the decision of the Annual General Meeting of Shareholders.
* The Company intends to use the authorization to the implementation of the RSU plan for the members of the Board of Director’s and for the long-term incentive plans for the management and the personnel of the Company.