



## NEXSTIM PLC FINANCIAL STATEMENTS RELEASE 2017

*Company announcement, Helsinki, 28 February 2018 at 9:00 am*

Nexstim Plc (NXTMH:HEX, NXTMS:STO) ("Nexstim" or "Company"), a neuromodulation company developing and marketing pioneering navigated non-invasive brain stimulation systems for both therapeutic and diagnostic applications, today provides its financial statements for the full year 2017 (1 January–31 December 2017) and H2 2017 (1 July-31 December 2017).

### Highlights, July – December 2017

- The US Food and Drug Administration (FDA) cleared Nexstim's Navigated Brain Therapy (NBT<sup>®</sup>) system for marketing and commercial distribution in the US for the treatment of Major Depressive Disorder (MDD) in November 2017 – launch expected Q2 2018
- Appointment of Steve Beller as Vice President and General Manager, North America, to lead commercialisation efforts for NBT<sup>®</sup> in the US
- New equity financing of EUR 1.75 million via a directed issue of new shares to City Financial Investment Company Limited in October 2017
- Loan agreement with Kreos Capital V (UK) Limited agreed in December 2017 that provides Nexstim with access to a senior secured term loan facility of up to EUR 4 million
- Revenues amounted to EUR 1.6 million (2016: EUR 1.6 million)

### Post-period Highlights

- In January 2018, Nexstim completed patient recruitment in the Phase III E-FIT trial (Electric Field Navigated 1Hz rTMS for Post-Stroke Motor Recovery Trial). The trial, which recruited a total of 60 patients, will provide additional data to support a *de novo* 510k filing with FDA to gain approval to market the NBT system for stroke rehabilitation in the US

### Business Overview

Nexstim is a neuromodulation company developing and marketing pioneering navigated non-invasive brain stimulation systems for both therapeutic (NBT<sup>®</sup> system) and diagnostic (NBS system) applications.

The Company developed its NBT<sup>®</sup> device based on its NBS technology platform; commercialisation of the NBT<sup>®</sup> system is the key strategic focus for Nexstim.

### NBT<sup>®</sup>

- Nexstim's NBT<sup>®</sup> platform is based on unique navigated Transcranial Magnetic Stimulation (nTMS) technology which allows for accurate, reproducible and non-invasive brain stimulation in therapy with the aim of targeting indications with significant unmet clinical need
- Initial applications of focus are for the treatment of stroke, depression and chronic pain
- In November 2017, Nexstim received FDA clearance for commercialization of its NBT<sup>®</sup> system in the US for the treatment of MDD and will launch the device in the US in Q2 2018. MDD affects more than 300 million people worldwide and 20-40% of patients gain insufficient benefit from current treatment options
- In January 2018, Nexstim announced completed enrolment in a supplementary 60 patient Phase III E-FIT trial that is ongoing in the US for use of the NBT<sup>®</sup> system in rehabilitation of upper limb mobility following stroke. Trial completion is expected in mid-2018, allowing Nexstim to file for FDA clearance to market the device for this indication in the US. Estimated EU and US annual market size for upper limb mobility rehabilitation post-stroke is about USD 1.8 billion
- The NBT<sup>®</sup> system is CE marked for stroke rehabilitation and the treatment of depression and chronic pain



## 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 and demonstrates the value of Nexstim's unique navigation system
- 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
- The NBS system has been sold to approximately 150 research universities and leading hospitals across the world

## CEO Martin Jamieson's review

I am delighted to report the important progress made by Nexstim in 2017, which has continued into 2018.

In January 2018, Nexstim announced completion of patient enrolment in its E-FIT trial (Electric Field Navigated 1Hz rTMS for Post-Stroke Motor Recovery Trial) for stroke rehabilitation, an important milestone in clinical development for this indication. The trial recruited its planned total of 60 patients. The E-FIT trial uses a new sham comparator and has been designed to provide data to supplement the completed Phase III NICHE trial, in line with FDA recommendation. The NICHE study demonstrated positive results in the active group, with 2/3 patients showing a clinically meaningful response, but also demonstrated a positive treatment effect in the control group, treated using a sham coil. The new sham coil in the E-FIT trial was deemed appropriate for use by the FDA.

Nexstim expects the E-FIT trial to be completed in mid-2018, generating data which we anticipate will support our de novo 510(k) filing. De novo 510(k) clearance would allow Nexstim to market and sell the NBT system for stroke rehabilitation in the US, the largest and most lucrative market for this device.

The company is preparing to advance commercialisation efforts for Nexstim's NBT<sup>®</sup> system in the US, starting with MDD, following FDA 510(k) clearance for this indication in November 2017. MDD is a recurrent and frequently chronic disorder with significant unmet clinical need and affects 2-5% of the population in developed countries. Stimulation of the brain through repetitive Transcranial Magnetic Stimulation (TMS) has been demonstrated to be effective in the treatment of MDD in patients who have failed pharmacologic treatment.

We are confident that by highlighting the NBT<sup>®</sup> system's unique navigational capabilities, we will be able to differentiate it from the non-navigational TMS devices currently on the market. We look forward to launching the NBT<sup>®</sup> system for this important indication during Q2 2018.

Turning to our NBS system, net sales grew by 6.6% in 2017 to EUR 2.6 million, compared to EUR 2.5 million in 2016.

During 2017, we worked to shift to a distributor model for US sales to drive use of the system in pre-surgical mapping. This required large changes to our US business organisation and NBS system sales growth in the US has not yet been achieved. We continue to train distributor representatives and provide them with the latest knowledge and skills to sell the NBS system.

We are pleased that in this context, operating cash burn only amounted to EUR -5.4 million in 2017 compared to EUR -7.2 million in 2016, mainly as a result of the organizational changes implemented.

During 2018, we will focus on building sales of the NBT<sup>®</sup> system in larger EU markets and launching the device for depression in the US, as well as working towards FDA de novo 510(k) filing for stroke. This will involve investments in commercial sales, marketing, and clinical resources.

I am very pleased to welcome Steve Beller, Vice President and General Manager, North America, who will lead commercialisation efforts for Nexstim's NBT<sup>®</sup> system in the US across indications. He has extensive experience in the

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US neuromodulation market, most recently as Area Vice-President at Abbott Neuromodulation.

Going forward, we believe that there is significant global potential for our NBT<sup>®</sup> systems, not only across the US and Europe, but also in the untapped and extensive Asian market, where negotiations for an assembly and distribution arrangement continue.

To support our growth plans, we announced new equity financing of the gross amount EUR 1.75 million via a directed issue of new shares to a London-based fund managed by City Financial Investment Company Limited in October 2017. This financing was followed by a new loan agreement with Kreos Capital in December 2017 for a senior secured term loan facility of up to EUR 4 million.

As of 31 December 2017, Nexstim had a cash position of EUR 8.5 million, which compares favourably to the cash position of EUR 8.2 million at the end of 2016. The current cash balance, cash generated from sales, and, if required, draw down of the loan facility with Kreos, will finance the Company until the end of Q1 2019.

The Company is actively evaluating the possibility for new fund raising during H2 2018 to prepare for the potential commercial launch of its NBT<sup>®</sup> system for use in stroke rehabilitation in the US in H1 2019.

## Key performance indicators

EUR in thousands	7-12/2017 6 months	7-12/2016 6 months	1-12/2017 12 months	1-12/2016 12 months
Net sales	1,587.0	1,590.1	2,645.3	2,482.6
Personnel expenses	-1,859.4	-2,038.7	-3,334.7	-4,253.2
Depreciation and amortisation	-176.2	-203.5	-341.3	-372.3
Other operating expenses	-2,359.2	-1,496.8	-4,118.1	-3,907.6
Profit/ -Loss for the period	-3,894.1	-2,506.2	-7,327.9	-6,732.7
Earnings per share (EUR)	-0.04	-0.16	-0.09	-0.56
Cash flows from operating activities	-2,611.7	-1,984.6	-5,402.9	-7,225.3
Cash in hand and at banks	8,473.6	8,156.4	8,473.6	8,156.3
Total equity	5,520.8	4,478.5	5,520.8	4,478.5
Equity ratio (%)	52.77	55.12	52.77	55.12
Number of shares in the end of the period (pcs)	93,173,604	47,087,749	93,173,604	47,087,749
Average number of shares during the period (pcs)	88,474,612	15,826,991	79,476,965	11,950,664
Diluted number of shares in the end of the period (pcs)	132,947,261	78,830,446	132,947,261	78,830,446
Diluted average number of shares during the period (pcs)	124,073,867	22,521,296	114,676,433	15,762,543

## Future Outlook

Based on its business forecast, the Company expects financial year 2018 to be a year of multiple investments and a larger loss than in financial year 2017 is expected for the period.

## Financial review

The figures in parenthesis (EUR thousand) represent the amount in the previous year's comparative period, unless otherwise stated.

## Operating results

### Net sales

Net sales between July 1 – December 31, 2017 were EUR 1,587.0 thousand (1,590.1) a decrease of -0.2 percent to the comparative period in 2016. Net sales between January 1 – December 31, 2017 were EUR 2,645.3 thousand (2,482.6), an increase of 6.6 percent year-on-year.

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## *Work performed for own purpose and capitalised*

Work performed for Nexstim's own purposes and capitalised between July 1 – December 31, 2017 was EUR 14.5 thousand (10.7) and between January 1 – December 31, 2017 was EUR 38.8 thousand (26.0). These amounts mainly consist of capitalised development costs.

## *Other operating income*

Other operating income from July 1 – December 31, 2017 was EUR 3.6 thousand (4.0) and from January 1 – December 31, 2017 was EUR 70.2 thousand (17.2).

## *Materials and services*

Materials and services expenses between July 1 – December 31, 2017 totalled EUR -318.6 thousand (-449.6) and between January 1 – December 31, 2017 totalled EUR -552.1 thousand (-688.6).

## *Personnel expenses*

Personnel expenses between July 1 – December 31, 2017 totalled EUR -1,859.4 thousand (-2,038.7) and from January 1 – December 31, 2017 totalled EUR -3,334.7 thousand (-4,253.2). The decrease in expenses was mainly due to the organizational changes related to the autumn 2016 cost saving program.

## *Depreciation and amortisation*

Depreciation and amortisation between July 1 – December 31, 2017 amounted to EUR -176.2 thousand (-203.5). and between January 1 – December 31, 2017 amounted to EUR -341.3 thousand (-372.3).

## *Other operating expenses*

Other operating expenses from July 1 – December 31, 2017 totalled EUR -2,359.2 thousand (-1,496.8) and from January 1 – December 31, 2017 totalled EUR -4,118.1 thousand (-3,907.7). The costs related to the E-FIT trial led to an EUR -1,517.8 thousand increase in full year expenses.

## *Operating profit (loss)*

The operating loss between July 1 – December 31, 2017 was EUR -3,108.2 thousand (-2,583.8) and from January 1 – December 31, 2017 the operating loss was EUR -5,591.9 thousand (-6,696.1).

## *Financial income and expenses*

Net financial income and expenses during July 1 – December 31, 2017 amounted to an expense of EUR -785.3 thousand (78.1) and between January 1 – December 31, 2017 there was an expense of EUR -1,733.2 thousand (-34.3). The financial expenses were mainly currency exchange rate losses related to intra-group loans.

## *Profit (loss) before taxes*

Loss before taxes between July 1 – December 31, 2017 was EUR -3,893.5 thousand (-2,505.7) and between January 1 – December 31, 2017 was EUR -7,325.1 thousand (-6,730.4).

## *Income taxes*

Income taxes from July 1 – December 31, 2017 amounted to EUR -0.5 thousand (-0.4) and from January 1 – December 31, 2017 they were EUR -2.8 thousand (-2.3).

## *Profit/loss for the financial period*

The loss for the period July 1 – December 31, 2017 was EUR -3,894.1 thousand (-2,506.2) and for January 1 – December 31, 2017 it was EUR -7,327.9 thousand (-6,732.7).

## **Financial Position**

### *Non-current assets*

The Company's non-current assets were EUR 717.8 thousand (911.3) as of 31 December 2017. Intangible assets amounted to EUR 540.5 thousand at 31 December 2017 and consisted mainly of intangible assets related to capitalised development expenses and intellectual property rights. Tangible assets amounted to EUR 167.3 thousand on 31 December 2017 and consisted mainly of E-FIT trial equipment.

### *Current assets*

The Company's current assets amounted to EUR 10,325.8 thousand (9,506.0) as at 31 December 2017. The increase in current assets was mainly due to increase in accounts receivable and cash in hand and at banks.

### *Equity*

Consolidated shareholders' equity totalled EUR 5,520.8 thousand (4,478.5) as at 31 December 2017.

### *Liabilities*

#### *Non-Current Liabilities*

The Company's non-current liabilities totalled EUR 3,737.2 thousand (3,801.9) as at 31 December 2017. The non-current liabilities of the Company consist of capital loans, other interest-bearing loans and deferred income.

#### *Current Liabilities*

The Company's current liabilities totalled EUR 1,785.6 thousand (2,136.9) as at 31 December 2017. The current liabilities mainly consist of trade payables, other current liabilities and accrued expenses.

## **Financing and liquidity**

Liquid assets, consisting of cash in hand and at banks, totalled EUR 8,473.6 thousand (8,156.4) at 31 December 2017.

The Company's net cash outflow from operating activities during 2017 was EUR -5,402.9 thousand (-7,225.3).

Net cash flow from investments was EUR -147.8 thousand during the reporting period (-310.1).

Net cash flow from financing activities was EUR 5,868.0 thousand during 2017 (8,817.0). Financing through share issues amounted to EUR 6,765.3 thousand in the twelve-month period ended 31 December 2017.

## **Organisation and Personnel**

Nexstim's strategy is to recruit only employees that the Company believes have core competence and know how in order to support the Company operating efficiently. In compliance with this strategy, Nexstim has outsourced most of its operations such as the production.

The Company is organised in five operative functions:

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



At the end of the financial period 2017 Nexstim group employed 24 full-time employees (FTEs) (2016: 23). Nexstim Plc employed 20 FTEs at the end of year 2017 (2016: 18). During the financial year 2017 Nexstim group employed on average 24 FTEs (2016: 29 FTEs).

## Strategy

The Company strategy is to focus on receiving US regulatory approval and prepare for commercialisation for its navigated transcranial magnetic stimulation (nTMS) technology in the major therapeutic applications of post-acute stroke, depression and chronic pain. Growth through partner agreements will be targeted from the major geographic territories of Europe, USA and Asia. The Pre-surgical mapping (PSM) business will adopt a distributor model to deliver further growth.

## Major Events in the Financial Period

On 11 January 2017, the Company announced that Nexstim had signed independent selling representative agreements in the US. According to the agreements, SurgicalOne, Inc., NeuroTec Inc., and Medical Excellence Southwest represent the Nexstim Brain Mapping NBS system in the US

On 16 January 2017, the company announced the subscription of 256,035 new shares in Nexstim Plc based on stock options 2013A.

An extraordinary general meeting (EGM) was held in Helsinki on 20 February 2017. The EGM approved the unauthorised directed issuances of 15,602,127 shares in Nexstim to Bracknor and Sitra. In addition, the EGM approved the unauthorised issuances to Bracknor and Sitra of special rights entitling to 31,167,761 shares in Nexstim. The EGM also authorised the Board of Directors to resolve on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Companies Act as follows: The shares issued under the authorisation are new or those in Nexstim's possession. Under the authorisation, a maximum number of 29,412,792 shares could be issued.

On 7 March 2017, the Company announced that it had enrolled the first patients in its supplemental Phase III clinical trial in stroke rehabilitation, known as E-FIT.

On 9 March 2017, the Company announced that Petriina Puolakka will be stepping down from her role as Vice President, Legal Affairs and as a member of the Management Team as of 7 April 2017 and will pursue opportunities outside the company.

The annual general meeting (AGM) was held in Helsinki on 28 March 2017. The following resolutions were adopted at the AGM:

The AGM of Nexstim Plc adopted the company's financial statements, including the consolidated financial statements for the year 2016, and discharged the members of the Board of Directors and the Chief Executive Officer from liability.

The AGM decided that no dividend would be paid for the financial year 1 January - 31 December 2016 and that the loss of the financial year be added to the loss account.

The AGM resolved the number of the members of the Board of Directors at five. Martin Jamieson, Ken Charhut, Rohan Hoare, Juliet Thompson and Tomas Holmberg were elected to the Board. Martin Jamieson was elected as the chairman and Juliet Thompson as the deputy chairman.

The remuneration of the members of the Board of Directors was resolved as follows: €36,000 for the members of the board domiciled in the USA, and €27,000 for the members domiciled in Europe. The AGM recommended that the members of the board invest half of the above-mentioned remuneration in the company's shares. Further, the AGM resolved that the members of the Board Committee be paid as follows; €10,000 for the chairman of a committee per year and €5,000 for members of the Committee. It was decided that reasonable travel expenses be compensated to the board members.

The AGM decided that a restricted share unit plan be implemented for selected members of the Board of Directors of Nexstim Plc, on the terms and conditions attached to the proposals of the Board of Director's and its Committees to the AGM, which is available on the company's web site [www.nexstim.com](http://www.nexstim.com). The plan includes four vesting periods, corresponding to the terms of office 2016-2017, 2017-2018, 2018-2019 and 2019-2020 of the member of the Board. The aim of the plan is to commit the participants to the company, to align the objectives of the shareholders and the participants in order to increase the value of the company, and to offer the participants a reward plan based on receiving and accumulating the company's shares. The target group of the plan will be those members of the Board of Director's who are independent of the company. The reward allocations in 2017 will be determined in cash.

The AGM decided that for each Board member who is independent from the company, the grant gross value of the reward for the vesting period 2017-2018 will be EUR 12,500. The aim is to propose equal allocations for the Board Members

also to the AGM in 2018 and 2019. The granted reward will be converted into restricted share units at the beginning of the vesting period, in 2017. The conversion of the granted reward into restricted share units will be based on the trade volume weighted average quotation of the company's share on Nasdaq Helsinki Ltd during 20 trading days following the release date of the company's Financial Statements from 2016. In the plan, one restricted share unit corresponds to one company's share. The value of the payable reward will be determined on the basis of the share price on the book-entry registration date of the paid shares.

The AGM decided that rewards from the plan will be paid to the Board Members in the company's shares within four weeks of the AGM in 2018, 2019 and 2020. The allocated reward for the vesting period 2017-2018 will be paid within four weeks of the AGM in 2018. The company will withhold taxes and employment related expenses from the cash proportion of the reward according to law in force. Should a Board Member cease to be a member of the Board before the end of a vesting period, no reward will be paid to him or her on the basis of such vesting period. The AGM 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.

PricewaterhouseCoopers Oy, authorized Public Accountants was re-elected as the auditor with Martin Grandell acting as the auditor-in-charge. The auditor will be paid a reasonable fee.

In addition, the AGM authorised the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares. These authorisations are listed in more detail further in this report in section "Share and Shareowners".

On 28 March 2017, the Company announced that the Board of Directors convened after the AGM, and elected the members of the Board Committees as follows; The chairman of the Audit Committee to be Juliet Thompson and its members to be Rohan Hoare and Tomas Holmberg. The chairman of the Remuneration Committee to be Ken Charhut and the members to be Rohan Hoare and Martin Jamieson. The chairman of the Nomination Committee to be Sami Tuhkanen.

On 24 April 2017, the Company announced the appointment of Hanna Kotola as Vice President, Legal Affairs effective from 1 June 2017. Mrs. Kotola joined the Nexstim Management Team and reports to its CEO, Martin Jamieson.

On 8 May 2017, the Company announced that it had decided to terminate its market making agreement with Pareto Securities AB in Nasdaq First North Sweden market. Termination was effective on 1 July 2017.

On 19 May 2017, the Company provided a timeline update for its supplemental Phase III clinical trial in stroke rehabilitation (E-FIT).

On 2 June 2017, the Company announced that it had agreed with the Finnish Funding Agency for Innovation (Tekes) to a three-year extension to the annual loan repayments on two R&D project loans. As a result of this agreement, cash repayments up to a maximum of EUR 1.8 million which were due to be paid from 2017-2019, will now be repaid between 2020 and 2022. The full repayment of these two R&D loans needs to be made to Tekes by the end of 2023.

On 5 June 2017, the Company announced that the Board of Directors of Nexstim Plc had decided that Tomas Holmberg shall replace Martin Jamieson on the Remuneration Committee. Risto Ilmoniemi and Juliet Thompson were elected as new members of the Nomination committee. After these changes mentioned above, the Nexstim Plc Board Committee members are as follows. The chairman of the Audit Committee is to be Juliet Thompson and the members are to be Rohan Hoare and Tomas Holmberg. The chairman of the Remuneration committee is to be Ken Charhut and the members are to be Rohan Hoare and Tomas Holmberg. The chairman of the Nomination Committee is to be Sami Tuhkanen and the members are to be Risto Ilmoniemi and Juliet Thompson.

On 27 June 2017, the Company announced filing a 510(k) submission for its NBT<sup>®</sup> system for the treatment of Major Depressive Disorder (MDD) with the US FDA on 26 June 2017.

On 3 August 2017, the Company announced that Rainer Harjunpää has resigned from his role as Vice President, Quality Assurance & Regulatory Affairs, After Sales and Services, and as a member of the Management Team, effective as of 31 August 2017.

On 14 September 2017, the Company announced the subscription of 110,000 new shares in Nexstim Plc based on stock options 2013A.

On 26 September 2017, the Company announced that John Liedtky had resigned from his role as Vice President, Commercialization & General Manager, US, and as a member of the Management Team, effective as of 18th October 2017.

On 12 October 2017, Nexstim announced that Hanna Kotola, Vice President of Legal Affairs, had been appointed to undertake the wider role of Quality & Regulatory Affairs, in addition to her current role. Hanna will be supported in her new extended role by Anna Honkanen, Senior Manager, Quality & Regulatory Affairs.

On 16 October 2017, the Company announced that it's negotiating a potential assembly and distribution arrangement in

China and a potential financing arrangement with a European growth debt provider.

On 19 October 2017, The Board of Directors of Nexstim Plc resolved on amendments of the stock options 2016 and on a new stock option plan for the CEO. The amended maximum total number of stock options 2016 to be issued is 6,521,448 and entitles their owners to subscribe for a maximum total of 6,521,448 new shares in the company or existing shares held by the company. The stock options will be issued gratuitously. This amendment results in a 5,821,448 increase in the maximum total number of issued stock options and is based on an authorization granted by the Annual General Meeting of Shareholders of the Company held on March 28, 2017. All 210,000 stock options 2016A, held by the company, have been converted into stock options 2016B. Of the stock options, 4,343,284 are marked with the symbol 2016B and 2,178,164 are marked with the symbol 2016C. The maximum total number of stock options 2017 issued is 1,178,552, and they entitle their owner to subscribe for a maximum total of 1,178,552 new shares in the company or existing shares held by the company. The stock options will be issued gratuitously.

On 25 October 2017, Nexstim announced that it raised new equity financing of the gross amount EUR 1.75 million via a directed issue of new shares to a London-based fund managed by City Financial Investment Company Limited. The Company's Board of Directors resolved to issue up to 7,000,000 new shares at a subscription price of EUR 0.25 per share, resulting in an aggregate subscription price of EUR 1,750,000 (before any expenses relating to the share issue). The new shares were issued based on an authorisation received at the Company's Annual General Meeting on 28 March 2017.

On 13 November 2017, the Company announced that the Food and Drug Administration ("FDA") had cleared Nexstim's NBT<sup>®</sup> system for marketing and commercial distribution in the US for the treatment of Major Depressive Disorder (MDD).

On 1 December 2017, Nexstim announced the appointment of Steve Beller as Vice President and General Manager, North America effective from 1 January 2018. Mr. Beller will join the Nexstim Management Team and report to CEO Martin Jamieson.

On 11 December 2017, the Company announced that it had entered into a loan agreement with Kreos Capital V (UK) Limited. In the Financing Arrangement, Kreos will grant Nexstim a senior secured term loan facility of EUR 4 million. Loans drawn down under the loan Agreement will carry interest at the rate of 10.75% per annum. The Financing arrangement also includes issuing warrants over new shares in Nexstim. 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<sup>®</sup> and NBS products in Europe and in particular in the United States. The Financing Arrangement is conditional on the approval of the Annual General Meeting.

On 14 December 2017, Nexstim announced that, pursuant to the authorisation received from the Company's Annual General Meeting on 31 March 2016 and the restricted share unit reward plan, the Board of Directors of the Company had resolved on issuing altogether 9,910 new shares without payment to two members of the Board of Directors.

In addition to the above announcements, between 9 January 2017 and 6 June 2017, the Company published a total of eight regulatory releases about share issues as part of the Bracknor Investement and Sitra financing arrangement. According to the releases during this period, a total of 38 909 587 shares were transferred to these investors.

Post the 6 June 2017 share issue, the authorisation granted by the 20 February 2017 EGM has been used in full. Save for the exercising of the warrants issued in connection with the arrangement announced on 21 July 2016, the said financing arrangement has now been completed. A maximum of 31,801,597 shares in the Company may be subscribed for based on the unexercised warrants with the subscription price ranging from EUR 0.2773-0.8539 per share. Exercising all the unexercised warrants in accordance with the subscription prices of the warrants' terms and conditions would amount to an aggregate value of approximately EUR 14.3 million.

## **Major Events after the Financial Period**

On 6 January 2018, the Company announced that Nexstim had enrolled the last patient in the supplementary Phase III E-FIT trial

On 23 January 2018, the Company announced that Business Finland had granted the Company an R&D loan amounting to approximately EUR 1 million for the development of a next-generation user interface (GUI) for the Navigated Brain Therapy (NBT<sup>®</sup>) System indicated for the treatment of Major Depressive Disorder (MDD) and chronic neuropathic pain.

On 26 January 2018, the Company announced the subscription of 148,160 new shares in Nexstim Plc based on stock options 2013A. Trading in the new shares commenced on Nasdaq First North Finland and Nasdaq First North Sweden on 31 January 2018.

Nexstim has no other major events to report after the financial 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 risks are published fully in the financial statement and in the annual report of the board of directors. The half-yearly reports only present the changes in short-term risks.

Risks relating to the Company and its business operations:

- The Company has a history of operating losses and the operations may never become profitable
- The Company and its products are in the development phase
- The Company may not be able to carry through the NBT<sup>®</sup> system's limited size stroke trial (E-FIT) in the estimated schedule or budget, finalise the trial or the trial may not show clinical efficacy
- The Company's products will require certain authorisations before commercialisation, and currently not all required approvals or permits have been granted and there can be no assurance that such approvals and permits will be granted or successfully maintained
- The Company may not be able to get the estimated reimbursement codes and reimbursement coverage
- Healthcare providers and hospitals may not adopt the Company's technology and treatment modality in the estimated manner or extent
- The Company's operations may be interrupted due to problems associated with its suppliers
- The Company may not be able to maintain the required certifications and approvals
- The Company may not be able to sufficiently protect or enforce intellectual property rights
- The Company may infringe third part intellectual property rights or claims may be made against the Company on such infringements
- A developed market for Company's products does not exist and the market does not necessarily develop to the desired direction or extent; the technology and products of the Company may not remain competitive
- The expected income from capitalised development costs and intangible rights may prove to be weaker than expected
- Development of the financial condition of group companies may be weaker than expected and which may result into difficulties in repayment of loans granted by the parent company
- The Company may not be able to utilise all tax losses incurred
- There may be changes in reported profitability or financial position due to changes in accounting regulation or possible future decision to start to apply international Financial Reporting Standards
- The Company may become subject to product liability claims and other claims
- The Company may in the future be involved in litigation and/or arbitration proceedings
- The Company may be adversely affected by financial difficulties or bankruptcy of one or more of its customers, partners, supplier or other counterparty
- The Company is reliant on its information systems
- The Company is reliant on its ability to recruit and retain relevant key personnel
- The Company is reliant on its ability to find and retain research partners
- The Company has limited experience in sales, marketing and distribution
- The Company must comply with complex legislation and regulations applicable to its business, and any breach of such legislation or regulations may have onerous consequences
- The insurance coverage of the Company may not be comprehensive, and the Company may not be fully insured against all risks
- The Company's tax burden could increase due to changes in tax laws or regulations or their application, or as a result of future tax audits
- Tekes funding may not be available in the future and may become repayable prematurely
- The Company could encounter difficulties in refinancing its debt
- The Company will need a substantial amount of additional financing in the future in order to commercialise its NBT<sup>®</sup> system, if the required approvals and permissions are acquired

# Nexstim

- The Company may be adversely affected by fluctuations in exchange rates
- The Company may be adversely affected by increasing costs
- The Company operates in global markets and is subject to changes in geopolitical and local political atmosphere

## Risks relating to the shares:

- The company's majority shareholders can influence the governance of the company, and the interests of the company's majority shareholders may differ from the interests of the company's minority shareholders
- The market price is subject to price volatility, possible the lack of liquidity and fluctuations in the exchange rates
- Holders of Shares in the company registered in custodial nominee accounts may not be able to exercise their voting rights
- The amount of possible future dividends to be distributed to shareholders is uncertain
- Future issues or sales of a substantial number of shares or rights entitling to shares could have a negative effect on the market price of the shares and cause dilution
- Possible negative rumours could have a negative effect on the market price of the shares

## Risks relating to general economic conditions:

- The Company may be adversely affected by changes in the financial markets and economic conditions generally
- The Company may be adversely affected by fluctuations in interest rates

## Share and Shareowners

As at December 31, 2017, the fully paid-up share capital of Nexstim Plc amounts to EUR 80,000.00, consisting of 93,173,604 Shares. The Shares have no nominal value. Nexstim has one series of shares, which have an ISIN code of FI4000102678. As at the end of financial period 2017, Nexstim had no treasury shares. Each Share entitles its holder to one vote at the general meetings of shareholders of Nexstim Plc. The Shares are issued under Finnish law.

Nexstim Plc shares are listed in Helsinki Stock Exchange, First North Finland and at the Stockholm Stock Exchange, First North Sweden. Below presented share price information from First North Finland is in euro (EUR) and share price information from First North Sweden is in Swedish krona (SEK).

On January 1–December 31, 2017, the highest price of the company share was EUR 0.40 (2016: EUR 6.60) and SEK 3.25 (2016: SEK 60.00), the lowest price was EUR 0.14 (2016: EUR 0.12) and SEK 1.32 (2016: SEK 1.18), and the average price was EUR 0.24 (2016: EUR 0.36) and SEK 2.24 (2016: SEK 2.46). The closing price for 2017 on December 29, 2017, was EUR 0.28 (2016: EUR 0.16) and SEK 2.70 (2016: SEK 1.46).

In public trading on January 1–December 31, 2017, a total of 713,260,486 shares were traded, which corresponds to 897.4 percent of the average number of shares on the said period. On January 1–December 31, 2017, there were 79,476,965 shares on the average.

The market value of the share capital at the closing price of 2017, EUR 0.28 and SEK 2.70, on December 29, 2017, was EUR 25,623 thousand (2016: EUR 7,534) and SEK 251,569 thousand (2016: 68,748).

On December 31, 2017, the company had 5,789 (2016: 2,931) shareowners including the nominee registers (6 registers). The share of nominee registered ownership was 73.6 percent (2016: 73.5) of the total number of shares.

Nexstim Plc Board of Directors had on December 31, 2017 the following authorizations granted.

The March 31, 2016 AGM decided to authorize the Board of Directors to decide on share issue 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. The shares issued under the authorisation are new or those in the Company's possession. Under the authorisation, a maximum of 950,000 shares can be issued. This number corresponded to approximately 10.5 percent of all of the shares in the Company after the share issue, provided that all new shares are issued. The authorisation is valid for five (5) years from the decision of the AGM. The company intends to use the authorisation to the implementation of the restricted share unit plan or the members of the Board of Director's and for the long-term incentive plans for the management and the personnel of the company. On May 25, 2016, the Board of Directors resolved on a new stock option plan on the basis of the authorisation granted by the company's AGM held on March 31, 2016. The maximum total number of stock options issued was 700,000. On December 14, 2017 the Board of Directors of the Company resolved on issuing altogether 9,910 new shares without payment to two members of the Board of Directors as part of the restricted share unit reward plan. As such at the end of the reporting period the authorisation left is for a maximum of 240,090 shares.

# Nexstim

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Nexstim Plc shareowners at the end of year 2017 was as follows.

	Shareholder	No. of shares	Holding %
1.	Nordea Bank Ab (Publ), Branch Operation in Finland*	55,693,112	59.77
2.	The Finnish Innovation Fund Sitra	9,741,876	10.46
3.	Skandinaviska Enskilda Banken AB*	7,197,826	7.73
4.	Clearstream Banking S.A.*	3,112,018	3.34
5.	Svenska Handelsbanken AB (publ), Branch Operation in Finland*	2,164,377	2.32
6.	Haapaniemi Ossi	735,470	0.79
7.	Parkkinen Veli-Matti	401,901	0.43
8.	Haapaniemi O.Law Oy	400,365	0.43
9.	Danske Bank Plc*	356,137	0.38
10.	Ilmarinen Mutual Pension Insurance Company	319,643	0.34
11.	Paasivirta Esa Juhani	300,000	0.32
12.	Amra Oy	280,000	0.30
13.	Wikberg Ilkka Sakari	227,757	0.24
14.	Kekäläinen Jari Tapani	200,000	0.21
15.	OP-Finland Value Fund	198,987	0.21
16.	Ihantola Markku Wilhelm	165,000	0.18
17.	Puttonen Vesa	164,314	0.18
18.	Yljens Johan Fredrik	152,100	0.16
19.	Ilmoniemi Risto Juhani	119,541	0.13
20.	Huhtala Janne	116,000	0.12

\*Nominee registered shareholders

At the date of this report the company had three stock option incentive schemes; 2013A, 2016 and 2017. At the date of this report the Company held a total of 72,268 stock options 2013A, 1,468,513 stock options 2016B and 512, 935 stock options under the stock option plan 2016 C. All other stock options have been granted free of charge. The stock options will be offered to the key personnel and management of the Company and its subsidiaries for incentive and commitment purposes.

The stock options may not be transferred to a third party and may not be given as a pledge without the approval of the Board of Directors of the Company.

Option scheme	Subscription price/share	Maximum amount of option rights	Subscription period
2013A	EUR 0.01	272,060 shares*	1.12.2013-31.12.2020
2016B	EUR 0.16	4,343,284 shares	1.7.2019-15.12.2024
2016C	**	2,178,164 shares	1.7.2020-15.12.2025
2017	EUR 0.16	1,178,552 shares	20.10.2018-31.3.2023

\*In connection with merging of the share classes and share split on 29 September 2014, where the number of Shares was increased 14-fold, the amount of option rights was increased respectively, and the maximum amounts were adjusted.

\*\*For stock option 2016C, the trade volume weighted average quotation of the Share on Nasdaq Helsinki Ltd during twenty (20) trading days following the release date of the Company's Financial Statements 2017

Holdings of the Board of Directors and management team	(%)
Ownership based on proportion of total number of issued shares	0.24
Ownership based on proportion of total number of issued shares and option rights*	4.11
Proportion of votes based on ownership of shares	0.24
Proportion of votes based on ownership of shares and option rights*	4.11

# Nexstim

*\*Assuming that all stock options are exercised*

Nexstim has on July 21, 2016, separately with Bracknor and Sitra, entered into agreements concerning the Warrants as follows. In connection with the CBF Agreement entered into with Bracknor, Bracknor receives Warrants together with the first ten tranches of the Loan Notes. The Warrants received in connection with the CBF Agreement entitle Bracknor to subscribe for a number of shares of Nexstim equivalent to 100% of the each first ten tranches' nominal amount for the duration of four years on a per share subscription price equivalent to 110% of the lowest closing volume weighted average price in the 15 trading days on Nasdaq First North Finland immediately preceding the trigger notice for subscription of the relevant tranche of the Loan Notes, except for the Warrants received in connection with the first tranche, for which the per share subscription price is equivalent to 110% of the lower of (i) the lowest closing volume weighted average price in the 15 trading days on Nasdaq First North Finland immediately preceding 20 July 2016; and (ii) the lowest closing volume weighted average price in the 15 trading days on Nasdaq First North Finland immediately preceding the subscription of the first tranche of the Loan Notes.

Furthermore, in connection with every share subscription made under the Bracknor SEDA, Bracknor receives Warrants that entitle Bracknor to subscribe for a number of shares of Nexstim equivalent to 35% of each share subscription made under the Bracknor SEDA. The per share subscription price for the Warrants received in connection with the Bracknor SEDA is equivalent to the lower of (i) EUR 0.6571; and (ii) the lowest one-day volume weighted average price in the five trading days on First North Finland immediately after this company announcement, and in each case the Warrants are valid from the first trading day of the new shares subscribed for and for three years thereon. Sitra receives Warrants in connection with the Sitra SEDA on terms materially similar to the Warrants relating to the Bracknor SEDA.

<b>Warrant</b>	<b>Exercise price/share</b>	<b>Maximum amount of warrants</b>	<b>Expiry date</b>
CBF1	EUR 0.8539	378,871 shares	August 18, 2020
CBF2	EUR 0.5013	645,419 shares	September 22, 2020
CBF3	EUR 0.3381	1,026,947 shares	October 20, 2020
CBF4	EUR 0.3035	2,231,545 shares	November 8, 2020
CBF5	EUR 0.2900	4,463,090 shares	November 16, 2020
CBF6	EUR 0.2773	10,033,864 shares	December 5, 2020
SEDA1	EUR 0.6571	482,822 shares	November 1, 2019
SEDA2	EUR 0.6571	781,041 shares	November 11, 2019
SEDA3	EUR 0.6571	853,564 shares	November 17, 2019
SEDA4	EUR 0.6571	1,438,228 shares	November 28, 2019
SEDA5	EUR 0.6571	772,346 shares	January 17, 2020
SEDA6	EUR 0.6571	5,875,539 shares	March 8, 2020
SITRA1	EUR 0.6571	251,652 shares	August 22, 2019
SITRA2	EUR 0.6571	816,669 shares	December 5, 2019
SITRA3	EUR 0.6571	1,233,664 shares	March 14, 2020
SITRA4	EUR 0.6571	516,336 shares	June 6, 2020

The total number of outstanding warrants at year end 2017 was 31,801,597 (see above for details). CBF1-6 warrants have been issued as part of the Bracknor convertible bond facility (CBF) agreement between August 18, 2016 and December 5, 2016. SEDA1-6 warrants have been issued as part of the Bracknor stand-by equity distribution agreement (SEDA) between November 1, 2016 and March 8, 2017. SITRA1 warrants have been issued as part of the direct share issuance to Sitra on August 22, 2016 and SITRA2-4 warrants have been issued as part of the SEDA share issues to Sitra between December 5, 2016 and June 6, 2017.

## **Board of Directors' Proposal on the Dividend**

During its existence, the Company's operations have been unprofitable, and no dividend has been distributed. In the forthcoming years, the Company will focus on financing the growth and the development of its business and the Company will adhere to a very stringent dividend policy, tied to the Company's results and financial standing. The Company does not expect to be able to distribute dividends in the near future. In the event dividends are distributed, all Shares entitle to equal dividends.



At the end of the financial period of 2017, the distributable assets of the group's parent company were EUR 18,526,651.59. The Board of Directors proposes that Nexstim Plc should not pay any dividend for the financial period of 2017.

Helsinki 28 February 2018

Nexstim Plc  
Board of Directors

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

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**Publication of financial information during year 2018**

A conference call for analysts, investors and media will take place at 15:00 Finnish time (EET) on Wednesday 28 February 2018, hosted by Martin Jamieson, Chairman of the Board and CEO, and Mikko Karvinen, CFO, who will present the financial and operational results followed by a Q&A session.

The dial-in numbers for the conference call are:

Finland: +358 (0) 800 914672  
Sweden: +46 (0) 20 089 6377  
UK: +44 (0) 20 3003 2666  
US: + 1 866 966 5335  
Standard International: +44 (0) 20 3003 2666

The call password is Nexstim

Half-Yearly Report January-June 2018 (H1) will be published on Thursday, August 16, 2018  
Nexstim Annual Report 2017 (Report of the Board of Directors, the Financial Statements and Consolidated Financial Statements and the Auditor's Report) will be published on company web pages on Wednesday, March 7, 2018.  
The Annual General Meeting will be held on Wednesday, March 28, 2018 beginning at 10:00 am.

**Basis of preparation of the financial statement release**

Nexstim Plc's financial statements have been prepared in accordance with the Finnish Accounting Regulation and presented in accordance with the rules First North marketplace. The financial statement information presented in the financial statement release is audited. The figures presented have been subject to rounding adjustments.

# Nexstim

## CONSOLIDATED INCOME STATEMENT

Thousand euro	1 July- 31 December 2017	1 July- 31 December 2016	1 January-31 December 2017	1 January-31 December 2016
<b>NET SALES</b>	1,587.0	1,590.1	2,645.3	2,482.6
Work performed for own purpose and capitalised	14.5	10.7	38.8	26.0
Other operating income	3.6	4.0	70.2	17.2
Materials and services				
Materials				
Purchases during the financial year	-335.1	-363.8	-617.2	-560.5
Variation in inventories additions (+)/disposal (-)	39.0	-85.8	94.8	-128.1
Services	-22.5	0.0	-29.8	-0.1
Total	-318.6	-449.6	-522.1	-688.6
Personnel expenses				
Wages and salaries	-1,630.0	-1,773.1	-2,903.3	-3,602.3
Social security expenses				
Pension expenses	-159.5	-163.9	-277.2	-349.0
Other social security expenses	-69.8	-101.6	-154.2	-302.0
Total	-1,859.4	-2,038.7	-3,334.7	-4,253.2
Depreciation and amortisation				
Depreciation and amortisation according to plan	-176.2	-203.5	-341.3	-372.3
Total	-176.2	-203.5	-341.3	-372.3
Other operating expenses	-2,359.2	-1,496.8	-4,118.1	-3,907.7
<b>OPERATING PROFIT / -LOSS</b>	<b>-3,108.2</b>	<b>-2,583.8</b>	<b>-5,591.9</b>	<b>-6,696.1</b>
Financial income and expenses				
Other interest income and other financial income	0.3	0.0	0.4	0.1
Interest and other financial expenses	-785.6	78.1	-1,733.6	-34.5
Total	-785.3	78.1	-1,733.2	-34.3
<b>PROFIT / -LOSS BEFORE TAXES</b>	<b>-3,893.5</b>	<b>-2,505.7</b>	<b>-7,325.1</b>	<b>-6,730.4</b>
Income taxes	-0.5	-0.4	-2.8	-2.3
<b>PROFIT / -LOSS FOR THE FINANCIAL YEAR</b>	<b>-3,894.1</b>	<b>-2,506.2</b>	<b>-7,327.9</b>	<b>-6,732.7</b>

# Nexstim

## CONSOLIDATED BALANCE SHEET

Thousand euro

	31 December 2017	31 December 2016
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
Development expenditure	70.5	66.3
Intangible rights	470.0	586.0
<b>Total</b>	<b>540.5</b>	<b>652.2</b>
<b>Tangible assets</b>		
Machinery and equipment	167.3	249.1
<b>Total</b>	<b>167.3</b>	<b>249.1</b>
<b>Investments</b>		
Other shares and similar rights of ownership	10.0	10.0
<b>Total</b>	<b>10.0</b>	<b>10.0</b>
<b>NON-CURRENT ASSETS TOTAL</b>	<b>717.8</b>	<b>911.3</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	387.1	292.3
<b>Total</b>	<b>387.1</b>	<b>292.3</b>
<b>Receivables</b>		
Trade receivables	1,152.5	789.4
Prepayments and accrued income	117.2	161.0
Other receivables	195.5	107.0
<b>Total</b>	<b>1,465.2</b>	<b>1,057.4</b>
Cash in hand and at banks	8,473.6	8,156.4
<b>CURRENT ASSETS TOTAL</b>	<b>10,325.8</b>	<b>9,506.0</b>
<b>ASSETS TOTAL</b>	<b>11,043.7</b>	<b>10,417.3</b>

# Nexstim

Thousand euro

	31 December 2017	31 December 2016
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80.0	80.0
Reserve for invested unrestricted equity	38,519.1	31,692.6
Retained earnings / -loss	-25,750.4	-20,561.4
Profit / -loss for the financial year	-7,327.9	-6,732.7
<b>TOTAL EQUITY</b>	<b>5,520.8</b>	<b>4,478.5</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Capital loans	300.0	1,250.0
Other interest-bearing loans	3,423.8	2,528.3
Deferred income	13.4	23.6
<b>Total</b>	<b>3,737.2</b>	<b>3,801.9</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	961.5	397.3
Other liabilities	113.0	1,012.0
Accrued expenses	711.1	727.6
<b>Total</b>	<b>1,785.6</b>	<b>2,136.9</b>
<b>TOTAL LIABILITIES</b>	<b>5,522.9</b>	<b>5,938.8</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>11,043.7</b>	<b>10,417.3</b>



## CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

EUR in thousands	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2016	80.0	0.0	0.0	31,692.6	-27,294.1	4,478.5
Issue of shares				6 826,5		6 826,5
Profit / -loss for the period					-7 327,9	-7 327,9
Translation difference					1 543,7	1 543,7
Equity on 31 December, 2017	80,0	0,0	0,0	38 519,1	-33 078,3	5 520,8

  

EUR in thousands	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2015	80.0	0.0	0.0	23,582.3	-20,117.2	3,545.1
Issue of shares				8,110.3		
Profit / -loss for the period					-6,732.7	
Translation difference					-444.1	
Equity on 31 December, 2016	80.0	0.0	0.0	31,692.6	-27,294.1	4,478.5

# Nexstim

## CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January – 31 December 2017	1 January – 31 December 2016
<b>Cash flows from operating activities</b>		
<b>Profit / -Loss for the financial period</b>	-7,327.9	-6,732.7
Adjustments:		
Depreciation and amortisation according to plan	341.3	372.3
Other adjustments (income -/ expense +)	1,543.7	-444.2
Financial income and expenses	1,733.2	-34.3
<b>Cash flows before change in working capital</b>	-3,709.7	-6,838.9
<b>Change in working capital:</b>		
Increase (-) or decrease (+) in current receivables	-1,941.7	298.8
Increase (-) or decrease (+) in inventories	-94.8	129.2
Increase (+) or decrease (-) in current interest-free payables	481.4	-839.2
<b>Cash flows from operations before financial items and taxes</b>	-5,265.1	-7,250.1
Interest and other financial expenses paid	-137.8	24.8
<b>Cash flows from operating activities (A)</b>	<b>-5,402.9</b>	<b>-7,225.3</b>
<b>Cash flows from investing activities</b>		
Investments in intangible and tangible assets	-147.8	-310.1
<b>Cash flows from investments (B)</b>	<b>-147.8</b>	<b>-310.1</b>
<b>Cash flows from financing activities</b>		
Share issue	6,765.3	7,700.3
Drawing (+) or repayment of long-term loans (-)	-897.3	1,116.7
<b>Cash flows from financing activities (C)</b>	<b>5,868.0</b>	<b>8,817.0</b>
<b>Change in cash in hand and at banks</b>	<b>317.2</b>	<b>1,281.6</b>
<b>Cash in hand and at banks in the beginning of the period</b>	<b>8,156.4</b>	<b>6,874.7</b>
<b>Cash in hand and at banks at end of the period</b>	<b>8,473.6</b>	<b>8,156.4</b>



## **MATERIAL TRANSACTIONS WITH RELATED PARTIES**

Nexstim's related parties include Nexstim's subsidiaries, the members of Nexstim's board of directors, the managing director, the members of Nexstim's management team and shareholders having significant influence over the Company. The Company's related parties further include close family members of such persons and entities in which such persons have a controlling interest.

The Company didn't have material transactions with related parties during the reporting period.

## **CONTINGENT LIABILITIES**

<b>EUR in thousands</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
Guarantees	54.9	55.0
Leasing liabilities	52.6	76.7

The company has on June 2, 2015 agreed on a new payment plan with Valtiokonttori related to February 8, 2001 signed capital loan agreement of EUR 500.0 thousand. According to the new payment plan the capital will be repaid in full during the years 2016-2020 in fixed amortization schedule. The accumulated accrued unpaid interest on the capital loans of the company amounted to EUR 85.1 thousand at 31 December 2017 and it has been recognised as an expense in income statement and as a liability on the balance sheet.