

# Nexstim

## NEXSTIM PLC HALF-YEAR REPORT JANUARY 1 – JUNE 30, 2023 (UNAUDITED)

Company announcement, Helsinki, 18 August 2023, at 9 am (EEST)

### IN THE FIRST HALF OF THE YEAR, THE COMPANY FOCUSED ON COST EFFICIENCY

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

#### January–June 2023 in brief

- The company's net sales were EUR 2.5 million (6.8, comparative 3.3), with a decrease of 63.1 %. Net sales of the comparative period include the EUR 3.5 million technology license fee recognized during spring 2022.
- Net sales decrease adjusted for currency exchange rates was 63.3 %.
- System sales were EUR 1.1 million (1.8), with a decrease of 37.4 %. Recurring net sales accounted for EUR 1.4 million (1.5), with a decrease of 6.4 %. The licensing business accounted for EUR 0.0 million (3.5).
- The net sales of the Diagnostics Business (NBS) were EUR 1.3 million (2.1) with a decrease of 36.0 %.
- The net sales of the Therapy Business (NBT<sup>®</sup>) were EUR 1.2 million (4.7) with a decrease of 75.2 %. Net sales of the comparative period include the EUR 3.5 million technology license fee recognized during spring 2022.
- The company achieved savings of approximately EUR 0.5 million in operating expenses compared to the comparison period
- EBITDA was EUR -1.1 million (2.6).
- The operating result was EUR -1.4 million (2.3).
- The result for the period was EUR -1.4 million (3.2).

#### 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 in thousands	1-6/2023 6 months	1-6/2022 6 months	Change, %	1-12/2022 12 months
Net sales	2,503.7	6,793.0	-63.1 %	9,526.7
Gross margin	1,992.7	6,140.2	-67.5 %	8,285.9
Gross margin, %	79.6 %	90.4 %	-	87.0 %
Adjusted comparable gross margin*	1,992.7	2,605.4	-23.5 %	4,751.1
Adjusted comparable gross margin-%*	79.6 %	80.0 %	-	79.3 %
Personnel expenses	-2,265.6	-2,495.4	-9.2 %	-4,828.8
Other operating expenses	-1,483.8	-1,787.6	-17.0 %	-3,389.0
Operating result	-1,387.2	2,333.4	-	840.3
Result for the period	-1,442.5	3,209.4	-	1,306.8
Earnings per share (EUR)	-0.21	0.48	-	0.20
Diluted earnings per share (EUR)	-0.19	0.44	-	0.18
Cash flow from operating activities	-1,355.0	2,414.0	-	1,002.2
Cash in hand and at banks	2,128.1	6,580.3	-67.7 %	4,441.3
Total equity	2,711.3	5,593.1	-51.5 %	4,068.9
Equity ratio (%)	39.0 %	54.1 %	-	45.4 %



## **Future outlook**

Based on business forecasts, the company expects that its comparable net sales will grow in 2023 and its EBITDA (operating result before depreciations) for the financial year will be positive.

### **CEO Mikko Karvinen comments on developments during the review period:**

During the first half of 2023, we have especially focused on projects that are crucial for the company's strategic competitive advantage, such as improving the company's cost efficiency through our new global team structures and the launch of our new NBS 6 system in both the EU and US markets. In line with our main strategic objective, we have continued to focus on profitable net sales growth, still targeting a positive EBITDA for the full financial year 2023, while minimizing future capital needs. To ensure this positive profitability development, during January-February 2023 we conducted change negotiations within the company as part of the transition to a global process organization, which will enable us to continue to serve Nexstim's customers better and more efficiently and deliver growth in long-term shareholder value. The therapy application areas we have chosen (MDD, severe depression and chronic pain) are indications where our unique technology is already delivering clear clinical results and contributing to the profitability of our customers' operations. We are also continuing discussions on new strategic partnerships to further scale the use of our technology in care.

In H1 2023, we achieved total net sales of EUR 2.5 (6.8, comparative 3.3) million, a decrease of 63.1%. Most of the decline in net sales was due to a one-off license fee of EUR 3.5 million for a technology license agreement included in the net sales for the comparative period. In addition, net sales for the comparative period H1 2022 included backlog of orders for systems valued approx. EUR 1.0 million received for the Diagnostics and Therapy business during the previous year 2021. Despite the decline in net sales, we are pleased with the high level of our adjusted comparable gross margin, driven by the favorable development of our sales prices and the success of key hardware component purchases in the current inflationary environment. We can also be pleased with the decrease in both personnel and other operating expenses, achieving savings of approximately EUR 0.5 million compared to the comparative period. We believe these will help us achieve a positive EBITDA for the second half of the year and full year 2023 results.

#### *Diagnostics and Therapy business update*

We have continued to grow our Diagnostics (NBS) and Therapy (NBT<sup>®</sup>) businesses with new system sales in our key markets in the US and Europe. This installed base is generating a steady stream of revenue, adding stability and predictability to our operations. We want to develop and evolve.

Diagnostics net sales decreased by 36.0% to EUR 1.3 (2.1) million. We delivered a total of 6 new NBS systems during the review period. On the diagnostics business side, around 220 NBS systems have been sold to date to research universities and leading hospitals worldwide. We are pleased to see that more and more of our customers want to use Nexstim systems for both diagnostic and therapy purposes. The NBS System 5 configuration, NBS5+, enables diagnostic and therapy applications to be run on the same system. This offering allows the US market to have all FDA 510(k) indications available on the same system. Of the six NBS systems delivered in H1 2023, all have both diagnostic and therapy applications. We see this combined platform as a clear competitive advantage and are looking to expand this platform offering to other key markets globally.

Net sales in the Therapy business declined by 75.2% in H1 2023 to EUR 1.2 (4.7) million, due to the license sale of approximately EUR 3.5 million to Magnus Medical, Inc. which was recognized in the comparative period. We sold a total of 2 new NBT<sup>®</sup> systems during the period; 1 in North America and 1 in Europe and the rest of the world for use in the treatment of severe depression. On the Therapy business side, at the end of H1 2023, there were a total of 70 Nexstim systems with therapy software installed worldwide (26 in the US and 44 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 optional additional NBT software installed.

Nexstim's total cash and cash equivalents as of 30 June 2023 amounted to EUR 2.1 million. Through profitable growth, we are seeking to minimize any needs for new equity, and the company is not currently actively planning new financing

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rounds.

## *Strategic focus on creating growth and profitability*

In February 2022, we announced the sale of our NBT<sup>®</sup> system technology license to Magnus Medical, Inc. The total value of the agreement is estimated at approximately EUR 17 million. We will continue with business as usual and focus on executing our strategy until the five-year royalty period of the license agreement begins. This spring, Magnus Medical has estimated their commercial product launch to take place in the second half of 2024 and we will follow this same public information in our own estimates for the start of the royalty period. This licensing agreement opens unique opportunities for Nexstim to achieve financial benefits, expand the use of our technology in patient care and allocate our own resources to other business areas during the royalty period.

Our second key strategic goal for 2023 is launching the new NBS 6 product, enabling easy-to-use systems and the use of future additional modules in the same system. The launch and development of the new product generation is an essential part of Nexstim's operations during the 2020-2024 strategy period. The NBS 6 is a combined system that has been built on Nexstim's unique, clinically established technology. The modular product design allows for an expansion of system capabilities over time. The new solution creates long-term value for Nexstim's customers and investors. The first release in April-May concerns therapy applications. Nexstim's Therapy business markets and sells the NBS System 6 system, which has FDA marketing and distribution approval for the treatment of major depression in the United States. NBS System 6 is also CE-approved in Europe for use in the treatment of major depression and chronic neuropathic pain. Nexstim unveiled the NBS 6 system at the Clinical TMS Society 11th Annual Meeting, held in Colorado Springs, United States on May 4 – 6, and our sales opportunities for the product have developed favorably since then. We are prepared for the first customer orders and deliveries to happen during the second half of 2023.

Our third key strategic goal for 2023 is expanding the network of Nexstim exclusive collaboration clinics primarily in the USA and Europe. This would mean installing 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 on the vast US market, but partnerships are also possible to make targeted investments in the European market. We are very pleased with the beginning of our cooperation with Dr Kuluva and his clinic, and we believe that our cooperation creates excellent conditions for future growth. Our joint venture, PNC Management Services LLC, is our first agreement on a strategic partnership and the acquisition of a minority interest in the joint venture is our first 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. In addition, the purpose of our private equity company is to further expand the network of Nexstim's neuroscience centers in the United States. We are looking forward to continuing our cooperation with Dr Kuluva's team of experts. Through our cooperation, Nexstim's TMS technology can be used to treat a growing number of patients in the United States. We are currently involved in negotiations with several potential partner clinics in both the United States and Europe, and we are working hard to grow our network.

## *Creating future growth paths*

In October last year, we reported clinical outcomes of the first 403 patients who had completed treatment with Nexstim NBT<sup>®</sup> system for major depressive disorder (MDD). Nexstim NBT<sup>®</sup> 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. Treatment outcomes of these 403 patients were excellent: approximately 50% were in remission at the end of the treatment and 76% had obtained a clinical response. These outcomes are clearly 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 data during the second half of the year 2023.

Nexstim published an overview of the results of the pilot study at Kuopio University Hospital in June 2023. This study investigated the use of an accelerated iTBS protocol for the treatment of severe depression using Nexstim's NBT<sup>®</sup> system. Accelerated iTBS is a treatment using transcranial magnetic stimulation (TMS), where stimulation is given several times a day for one week, as opposed to traditional TMS, where stimulation is given once a day for several weeks. All patients

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treated with the accelerated iTBS protocol completed their 5-day treatment, including a total of 20 patients who completed their planned 12-week follow-up. There were no system-related serious adverse events. All patients showed improvement in symptoms on the clinician-administered Hamilton Depression Rating Scale (HAMD-17) at the end of treatment, except for one patient who showed no change (mean score decrease from baseline of 27%,  $p < 0.001$ ). At the end of 5 days of treatment, 15% of all 20 patients had achieved clinical remission and 30% clinical response, defined as >50% improvement from intervention. At the end of the 12-week follow-up period, 25% of patients were in clinical remission and 30% showed clinical response compared to baseline HAMD-17 scores.

We thank the Kuopio team for their valuable pilot study work done for this severe depression patient group under difficult extraordinary circumstances such as the COVID-19 pandemic. The 20 patient pilot study results do not seem to show any clear benefit for using the accelerated iTBS protocol, if compared to the conventional once a day TMS treatment of depression for up to 6 weeks, other than the smaller number of patient treatment days in total. Nexstim continues to develop the future use of accelerated iTBS protocols mainly through our strategic partnerships.

## *Shareholder value creation continues in exceptional circumstances*

Despite the international tension, our outlook for the end of the year 2023 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 the situation in Ukraine as we grow 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 220 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.
- We have an active commercial installed base of 70 NBT® systems across four continents.

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## Financial review January 1 to June 30, 2023

### Operating result

#### Net sales

EUR thousand	1-6/2023 6 months	1-6/2022 6 months	Change, %	1-12/2022 12 months
<b>Net sales</b>	<b>2,503.7</b>	<b>6,793.0</b>	<b>-63.1%</b>	<b>9,526.7</b>
<i>Net sales adjusted for currency exchange rates</i>	<i>2,490.8</i>	<i>6,793.0</i>	<i>-63.3 %</i>	<i>8,825.1</i>
<i>Comparable net sales adjusted for nonrecurring items*</i>	<i>2,503.7</i>	<i>3,258.2</i>	<i>-23.2 %</i>	<i>5,991.9</i>
<i>Diagnostics</i>	<i>1,340.4</i>	<i>2,092.9</i>	<i>-36.0 %</i>	<i>3,420.5</i>
System sales	828.0	1,555.9	-46.8 %	2,246.4
Recurring net sales	512.3	537.1	-4.6 %	1,174.1
<i>Therapy</i>	<i>1,163.3</i>	<i>4,700.1</i>	<i>-75.2 %</i>	<i>6,106.2</i>
System sales	276.2	207.2	33.3 %	826.4
Recurring net sales	887.1	958.1	-7.4 %	1,745.0
Licensing	0.0	3,534.8	100.0 %	3,534.8

Net sales consists of diagnostics and therapy system sales, recurring net sales and licensing. \*Comparable net sales adjusted for non-recurring items is calculated by adjusting total revenue for the licensing revenue recognized in 2022.

#### Significant items in the operating result

Work performed for Nexstim's own purposes amounted to EUR 667.8 thousand (691.9) 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 -511.0 thousand (-652.8). The gross margin was 79.6% (90.4), and the adjusted comparable gross margin was 79.6% (80.0), where the figures of the comparative period are adjusted by the effects of the 2022 technology license agreement.

Personnel expenses totaled EUR -2,265.6 thousand (-2,495.4). The decrease in expenses was mainly due to changes in personnel and the savings impact of the change negotiations held early in the year.

Other operating expenses totaled EUR -1,483.8 thousand (-1,787.6). The decrease in expenses was mainly due to the savings measures agreed in the change negotiations at the beginning of the year. The savings measures were mainly targeted at areas other than customer interface and product development.

#### Operating result

The operating result was EUR -1,387.2 thousand (2,333.4).

#### Financial income and expenses

Net financial income and expenses amounted to EUR -52.1 thousand (880.4). Financial expenses (-62.0) mainly consisted of interest payments on product development loans and payment transaction expenses. Financial income (10.0) mainly consisted of interest income on fixed-term deposits of the company's liquid assets.

#### Result for the period

The result for the period was EUR -1,442.5 thousand (3,209.4).

## **Financial position**

### *Non-current assets*

The company's non-current assets were EUR 3,475.6 thousand (2,607.0). Intangible assets amounted to EUR 2,626.1 thousand, consisting mainly of capitalized development costs and intellectual property rights. Tangible assets amounted to EUR 400.7 thousand and consisted mainly of NBT® systems used for business operations. Investments totaled EUR 448.7 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 4,661.4 thousand (8,903.9). 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 2,711.3 thousand (5,593.1). The equity ratio decreased to 39.0 % (54.1).

### *Liabilities*

#### *Non-current liabilities*

The company's non-current liabilities totaled EUR 2,447.9 thousand (3,328.1). 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 2,977.8 thousand (2,589.8). 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 2,128.1 thousand (6,580.3). 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 -1,355.0 thousand (2,414.0).

Cash flow from investing activities in the review period was EUR -868.2 thousand (-748.7). The growth mainly consisted of capitalized development costs.

Cash flow from financing activities was EUR -83.5 thousand (-348.4) 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 the following global key processes:

- Growth: sales, marketing, customer support and operations;
- Enablers: research and development (R&D), clinical, quality approvals and regulatory clearances
- Support: administration, including Finance, Legal Affairs, IT and HR.

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At the end of the review period on 30 June 2023, the Nexstim Group had 37 permanent employees. Nexstim Plc (the parent company) had 27 permanent employees on 30 June 2023. Between 1 January and 30 June 2023, the Nexstim Group had an average of 38 permanent employees (2022: 38).

## Strategy

### *Our mission*

We enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders. Our innovations create opportunities for a better life.

### *Our vision*

Through our technology expertise and first-class services, we:

- Ensure the best possible treatment for our patients,
- Create maximum value for our hospital and clinic customers and business partners,
- and long-term growth in shareholder value for our investors

### *Our values*

- Science and clinical evidence
- Financial success
- Passion and commitment
- High ethical standards and sustainability

### *Key strategic goals for 2023*

- Profitable comparable net sales growth, leading to a positive EBITDA for the financial period (operating profit before depreciation), while minimizing future capital needs
- The launch of the new NBS 6 product, enabling easy-to-use systems and the use of future additional modules in the same system
- Expanding the network of Nexstim exclusive collaboration clinics primarily in the USA and Europe

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

## Significant events from the review period

### Decisions of the general meeting

30.1.2023 At its meeting on January 26, 2023, the Shareholder's Nomination Board of Nexstim Corporation resolved its proposal to the Annual General Meeting of Nexstim, which will be held on Friday March 31, 2023.

6.3.2023 The company announced the publication of its 2022 Annual Report. The Annual Report includes the Report of the Board of Directors, the Financial Statements and Consolidated Financial Statements and the Auditor's Report.

31.3.2023 The Annual General Meeting of Shareholders was held, after which the company announced the following resolutions made by the Annual General Meeting

- The annual general meeting adopted the company's financial statements, including the consolidated financial statements, for the year 2022 and resolved that the profit of the financial year is recorded on the accumulated profits account. The annual general meeting discharged the members of the board of directors and the managing director from liability for the financial year 1 January–31 December 2022.
- The annual general meeting resolved in accordance with the proposal of the nomination board. The number of

members in the board of directors is four (4): Martin Forss, Leena Niemistö, Tero Weckroth and Timo Hildén are re-elected as members of the board of directors. Leena Niemistö shall be elected as the chair of the board of directors.

- In accordance with the proposal of the nomination board of shareholders, the annual general meeting resolved that the members of the board of directors who are elected in the general meeting shall be paid as follows for the term ending at the end of the annual general meeting in 2024: 24 000 euros and 12 000 option rights for the chair of the board of directors. 12 000 euros and 8 500 option rights for each member of the board of directors. No board member acting in the nomination board of the shareholders shall receive any fees based on such membership. A member of the board of directors shall be entitled to remuneration only for the period during which they are a member of the board. The company establishes a share option program for the members of the board of directors, VWAP-valuated 20 trading days after the date of the annual general meeting for trading on the Helsinki list, with a subscription period of 1 July 2024–15 December 2029. The purpose of the option plan to be established is to commit the participants to the company, to combine the objectives of the shareholders and participants and thus to increase the value of the company. The target group of the committing share option plan is the members of the board of directors who are independent of the company. However, a member of the target group member does not have to be independent of the company's shareholders. Participants are strongly recommended to hold options paid as reward for as long as their mandate as a member of the board continues. It was also decided that reasonable travel expenses are reimbursed to the members of the board against receipts. This applies both to members of the board of directors and, to the extent applicable to board members acting as members of the nomination board of shareholders.
- PricewaterhouseCoopers Oy was appointed as the auditor and Tiina Puukkoniemi, APA, was appointed as the company's auditor for the period until the end of the next Annual General Meeting. The auditor will be paid a reasonable fee according to a reasonable invoice approved by the company.
- It was decided to extend the current authorisation of the board of directors, decided in the annual general meeting of 2021 and extended in the annual general meeting of 2022, and the board of directors was authorised to decide on the issuance of new shares, the transfer of shares possessed by the company and the issuance of special rights referred to in chapter 10, section 1 of the Companies Act. The board of directors is entitled to decide on the issuance of new shares and/or the transfer of the company's own shares possessed by the company so that the total number of issued and/or transferred shares does not exceed 1,300,000, which corresponds to the number of remaining authorisations of the authorisation decided at the annual general meeting of 2022. The authorisations are valid until the next annual general meeting from the decision of this annual general meeting. The proposed authorisation invalidates the authorisation resolved at the annual general meeting of 2022 in the amount corresponding to this resolution regarding share issue, issuing of option rights and other special rights entitling to shares, but no other authorisations.
- The general meeting decided that an addition be made to the articles of association regarding participation in the general meeting via remote connection or completely without a physical meeting place in accordance with chapter 5, section 16 of the Companies Act (21 July 2006/624) and that in the future only Helsinki could serve as the physical meeting place of the general meeting.

## **Employee options and other reward programs**

18.4.2023 The company announced that between 1 October 2022 and 31 March 2023, a total of 40,003 Nexstim Plc's new shares have been subscribed for with the company's stock options 2020A. For subscriptions made with the stock options 2020A, the entire subscription price of EUR 80,006.00 will be entered in the reserve for invested unrestricted equity.

16.5.2023 The company announced that the Board of Directors of Nexstim resolved on May 15, 2023, to launch a new stock option plan 2023A-C aimed at the personnel, management and other interest groups of Nexstim Plc and its subsidiaries, by virtue of an authorization granted by Annual General Meeting of Shareholders of the Company on March 31, 2023 and a new stock option plan 2023H aimed at the Board of Directors of the Company by virtue of an authorization granted by the Annual General Meeting of Shareholders of the company on March 31, 2023, and according to the AGM resolution. The maximum total number of stock options 2023A-C issued is 740,460. Of the stock options 240,820 are marked with the symbol 2023A (share subscription period for 2023A will be 1 July 2025—15 December 2030), 240,820 are marked with the symbol 2023B (share subscription period for 2023B will be 1 July 2026 – 15 December 2031) and 240,820 are marked with the symbol 2023C (share subscription period for 2023C will be 1 July 2027 – 15 December 2032). The maximum total number of stock options 2023H issued is 37 500 and the share subscription period for stock options 2023H will be 1 July 2024—15 December 2029. The members of the board received a total of 37,500 options of



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series 2023H, the CEO Mikko Karvinen a total of 139,207 options of series 2023A-C and the rest of the management team a total of 186,596 options of series 2023A-C.

The company announced the following managers' transactions during the review period: Leena Niemeistö subscribed to 2,661 shares, Timo Hildén to 2,138 shares, Martin Forss to 2,293 shares, Mikko Karvinen to 17,500 shares and Hanna Kotola to 10,080 shares. More detailed information about the management transactions is available from the company's website.

[www.nexstim.com/investors/regulatory-news](http://www.nexstim.com/investors/regulatory-news)

## **Other significant events**

9.1.2023 The company announced that it will start change negotiations concerning all personnel and all personnel groups in Finland. The change negotiations are part of Nexstim Group's target to restructure into a global process organization, which aims to reach up to EUR 0.6 million annual savings from its global operations in 2023.

8.2.2023 The company announced that change negotiations had been completed and as a result, the company was able to restructure into a global process organization, serving its customers in a better and more efficient manner and providing its shareholders with long-term shareholder value growth. Layoffs were avoided. The Company estimates that with the savings measures, it will reach approximately EUR 0.6 million in savings in 2023. Implementation of the savings program began immediately.

8.2.2023 The company announced that it will apply for delisting of its shares from Nasdaq First North Growth Market Sweden. Nasdaq Stockholm AB approved the application 9.2.2023 and decided to delist the shares of Nexstim from Nasdaq FN GM Sweden. 14.4.2023 was the last day of trading in the shares of Nexstim on Nasdaq First North Growth Market Sweden.

## **Significant events after the review period**

10.8.2023 The company announced to have agreed on a loan totaling EUR 1.5 million with Nordea Bank. The Company plans to use the loan to fund its strategic investments as well as growth and working capital needs. The loan period is five years and other loan conditions are usual.

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## 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, 2023, were as follows:

	Shareholder	Shares	Holding %
1.	Kaikarhenni Oy	1,022,416	15.11
2.	Haapaniemi Ossi	497,997	7.36
3.	Joensuun Kauppa ja Kone Oy	430,906	6.37
4.	Citibank Europe PLC*	380,915	5.63
5.	Danske Bank AS Helsinki Branch*	157,061	2.32
6.	Kalksten Properties Koy	154,124	2.28
7.	Syrjänen Eva Annika Elisabeth	127,699	1.89
8.	Wetrock Capital & Consulting Oy	115,000	1.70
9.	K22 Finance Oy	111,287	1.65
10.	Clearstream Banking S.A.*	111,107	1.64
11.	Valjakka Juha Matti	79,294	1.17
12.	Kakkonen Kari Heikki Ilmari	69,649	1.03
13.	Kalksten Finance Oy	68,121	1.01
14.	Niukkanen Pentti Juhani	65,000	0.96
15.	Schengen investment oy	61,669	0.91
16.	Skandinaviska Enskilda Banken AB*	49,888	0.74
17.	Nordnet Bank AB*	49,398	0.73
18.	Svenska Handelsbanken Ab*	40,970	0.61
19.	Salmela Veijo Ensio	40,400	0.60
20.	Jokinen Jukka	40,000	0.59

\*Nominee-registered shareholders

## Publication of financial information

The financial statements bulletin for the financial year that will end on December 31, 2023, will be published on or around February 27, 2024.

## Results briefing on August 18, 2023

The company will hold two live webinars for the media, investors, and analysts on Friday, August 18, 2023. 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.

Webinar in Finnish on August 18, 2023, at 10:30 am (EEST): [Sign up here >>](#)

Webinar in English on August 18, 2023, 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

<b>Thousand euro</b>	<b>1 Jan. 2023 - 30 June 2023</b>	<b>1 Jan. 2022 - 30 June 2022</b>	<b>1 Jan. 2022 - 31 Dec. 2022</b>
<b>NET SALES</b>	2,503.7	6,793.0	9,526.7
Capitalised fixed assets	667.8	691.9	1,235.7
Other operating income	10.8	3.5	34.0
Materials and services			
Materials			
Purchases during the review period	-580.3	-651.5	-1,143.9
Increase (+) or decrease (-) in inventories	72.7	-1.3	-91.7
External services	-3.3	0.0	-5.2
Total	-511.0	-652.8	-1,240.8
Personnel expenses			
Wages and salaries	-1,842.1	-2,054.8	-3,958.7
Social security expenses			
Pension expenses	-231.5	-240.3	-455.0
Other social security expenses	-191.9	-200.2	-415.1
Total	-2,265.6	-2,495.4	-4,828.8
Depreciation and amortisation			
Depreciation and amortization according to plan	-309.2	-219.3	-497.5
Total	-309.2	-219.3	-497.5
Other operating expenses	-1,483.8	-1,787.6	-3,389.0
<b>OPERATING RESULT</b>	<b>-1,387.2</b>	<b>2,333.4</b>	<b>840.3</b>
Financial income and expenses	-52.1	880.4	471.1
<b>RESULT BEFORE TAXES</b>	<b>-1,439.3</b>	<b>3,213.7</b>	<b>1,311.4</b>
Income taxes	-3.2	-4.3	-4.5
<b>RESULT FOR THE PERIOD</b>	<b>-1,442.5</b>	<b>3,209.4</b>	<b>1,306.8</b>

# Nexstim

## CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2023	30 June 2022	31 Dec. 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets			
Development expenditure	2,306.1	1,410.4	1,832.3
Intangible rights	312.2	293.2	280.2
Other intangible assets	7.9	0.0	0.0
<b>Total</b>	<b>2,626.1</b>	<b>1,703.6</b>	<b>2,112.5</b>
<b>Tangible assets</b>			
Machinery and equipment	400.7	407.6	376.9
<b>Total</b>	<b>400.7</b>	<b>407.6</b>	<b>376.9</b>
<b>Investments</b>			
Interests in associated companies	448.7	495.8	463.3
<b>Total</b>	<b>448.7</b>	<b>495.8</b>	<b>463.3</b>
<b>NON-CURRENT ASSETS TOTAL</b>	<b>3,475.6</b>	<b>2,607.0</b>	<b>2,952.7</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Raw materials and consumables	853.5	983.6	893.2
<b>Total</b>	<b>853.5</b>	<b>983.6</b>	<b>893.2</b>
<b>Receivables</b>			
Trade receivables	1,078.6	739.8	1,380.6
Prepayments and accrued income	361.7	374.7	363.8
Other receivables	239.5	225.4	183.1
<b>Total</b>	<b>1,679.8</b>	<b>1,339.9</b>	<b>1,927.6</b>
Cash in hand and at banks	2,128.1	6,580.3	4,441.3
<b>CURRENT ASSETS TOTAL</b>	<b>4,661.4</b>	<b>8,903.9</b>	<b>7,262.0</b>
<b>ASSETS TOTAL</b>	<b>8,137.0</b>	<b>11,510.9</b>	<b>10,214.7</b>

# Nexstim

Thousand euro	30 June 2023	30 June 2022	31 Dec. 2022
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	55,040.3	54,917.8	54,960.3
Retained earnings	-50,966.5	-52,614.1	-52,278.2
Result for the period	-1,442.5	3,209.4	1,306.8
<b>TOTAL EQUITY</b>	<b>2,711.3</b>	<b>5,593.1</b>	<b>4,068.9</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Other interest-bearing loans	2,447.9	3,328.1	2,611.4
<b>Total</b>	<b>2,447.9</b>	<b>3,328.1</b>	<b>2,611.4</b>
<b>CURRENT LIABILITIES</b>			
Loans from financial institutions	878.1	217.1	878.1
Saadut ennakot	1,040.2	0.0	1,248.1
Trade payables	243.3	274.3	316.4
Other liabilities	159.2	1,408.7	194.9
Accrued expenses	657.1	689.7	897.0
<b>Total</b>	<b>2,977.8</b>	<b>2,589.8</b>	<b>3,534.4</b>
<b>TOTAL LIABILITIES</b>	<b>5,425.7</b>	<b>5,917.8</b>	<b>6,145.8</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>8,137.0</b>	<b>11,510.9</b>	<b>10,214.7</b>

# Nexstim

## CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings (losses)	Total equity
<b>Equity at 31 December 2022</b>	80.0	54,960.3	-50,971.5	4,068.8
Issue of shares		80.0		80.0
Result for the period			-1,442.5	-1,442.5
Translation difference			6.0	6.0
<b>Equity at 30 June 2023</b>	80.0	55,040.3	-52,409.0	2,711.3

  

	Share capital	Reserve for invested unrestricted equity	Retained earnings (losses)	Total equity
<b>Equity at 31 December 2021</b>	80.0	54,917.8	-51,795.1	3,202.7
Issue of shares		42.5		42.5
Result for the period			1,306.8	1,306.8
Translation difference			-483.2	-483.2
<b>Equity at 31 December 2022</b>	80.0	54,960.3	-50,971.5	4,068.8

  

(EUR thousand)	Share capital	Reserve for invested unrestricted equity	Retained earnings (losses)	Total equity
<b>Equity at 31 December 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 at 30 June 2022</b>	80.0	54,917.8	-49,404.8	5,593.0

# Nexstim

## CONSOLIDATED CASH FLOW STATEMENT

<b>EUR in thousands</b>	<b>1 Jan. 2023 - 30 June 2023</b>	<b>1 Jan. 2022 - 30 June 2022</b>	<b>1 Jan. 2022 - 31 Dec. 2022</b>
<b>Cash flow from operating activities</b>			
Result for the period	-1,442.5	3,209.4	1,311.4
Adjustments:			
Depreciation and amortisation according to plan	309.2	219.3	497.5
Other income and expenses not related to payment	18.1	0.0	30.7
Share of the profit of associates	6.0	0.0	19.8
Other adjustments (income -/ expense +)	1.3	0.0	-575.4
Financial income and expenses	15.0	-926.0	44.5
<b>Cash flow before change in working capital</b>	<b>-1,092.9</b>	<b>2,502.7</b>	<b>1,328.4</b>
<b>Change in working capital:</b>			
Increase (-) or decrease (+) in current receivables	236.1	554.0	-24.8
Increase (-) or decrease (+) in inventories	29.7	31.3	116.0
Increase (-) or decrease (+) in long-term receivables	0.0	0.0	0.0
Increase (+) or decrease (-) in current interest-free payables	-512.9	-639.0	-353.3
<b>Cash flows from operations before financial items and taxes</b>	<b>-1,340.0</b>	<b>2,449.0</b>	<b>1,066.3</b>
Interest and other financial expenses paid	-20.2	-35.0	-70.0
Interest received on operating activities	5.2	0.0	10.4
Direct taxes paid	-3.2	0.0	-4.5
<b>Cash flow from operating activities (A)</b>	<b>-1,355.0</b>	<b>2,414.0</b>	<b>1,002.2</b>
<b>Cash flow from investing activities</b>			
Investments in intangible and tangible assets	-868.2	-748.7	-1,440.3
<b>Cash flow from investing activities (B)</b>	<b>-868.2</b>	<b>-748.7</b>	<b>-1,440.3</b>
<b>Cash flow from financing activities</b>			
Share issue	80.0	0.0	42.5
Drawing (+) or repayment of short-term loans (-)	0.0	-402.3	258.7
Drawing (+) or repayment of long-term loans (-)	-163.5	53.9	-662.8
<b>Cash flow from financing activities (C)</b>	<b>-83.5</b>	<b>-348.4</b>	<b>-361.6</b>
<b>Change in cash in hand and at banks</b>	<b>-2,306.7</b>	<b>1,317.0</b>	<b>-799.7</b>
<b>Cash in hand and at bank at the beginning of the period</b>	<b>4,441.3</b>	<b>5,194.7</b>	<b>5,194.7</b>
<b>Valuuttakurssimuutosten vaikutus</b>	<b>-6.5</b>	<b>68.7</b>	<b>46.3</b>
<b>Cash in hand and at bank at the end of the period</b>	<b>2,128.1</b>	<b>6,580.3</b>	<b>4,441.3</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	30/6/2023	30/6/2022	31/12/2022
<b>Rental guarantess</b>			
Rental deposit account	16.3	16.3	16.3
<b>Leasing liabilities</b>			
Due within the next financial year	70.8	65.5	72.1
Due later	20.5	36.8	29.5
<b>Leasing liabilities</b>			
Due within the next financial year	2.1	4.3	2.7
Due later	2.7	5.0	3.5

## 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
EBITDA	Operating result + Depreciation and amortization
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 18, 2023

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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The Company's Certified Advisor is Erik Penser Bank.

Distribution:



# Nexstim

Nasdaq Helsinki  
Key media outlets

## **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 5 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 NBS System 6 which is FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, the NBS 6 system is CE marked for the treatment of major depression and chronic neuropathic pain.

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

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