



## NEXSTIM PLC'S FINANCIAL STATEMENTS BULLETIN 2022

*Company announcement, Helsinki 27 February 2023 at 9 am (EET)*

### NEXSTIM'S FIRST PROFITABLE FINANCIAL YEAR

#### January–December 2022

- The company's net sales increased by 48.9%, to EUR 9.5 million (6.4).
- The company's comparable net sales increased by 9.2%, to EUR 6.0 million (5.5).
- With an operating profit of EUR 0.8 million (-1.5), this was the company's first profitable financial year.
- The profit for the period was EUR 1.3 million (-0.8)
- Cash flow from operating activities was EUR 1.0 million (-2.1)
- System sales were EUR 3.1 million (3.7), with a decrease of 17.4%. Recurring net sales were EUR 2.9 million (2.7), with an increase of 9.1%
- The net sales of the Therapy Business (NBT<sup>®</sup>) increased by 126.8%, to EUR 6.1 million (2.7).
- The net sales of the Diagnostics Business (NBS) decreased by 7.7%, to EUR 3.4 million (3.7).

#### July–December 2022

- The company's net sales were EUR 2.7 million (3.4), with a decrease of 20.5%
- Its comparable net sales increased by 8.0%, to EUR 2.7 million (2.5).
- Cash flow from operating activities was EUR -1.4 million (-0.2)
- System sales were EUR 1.3 million (2.0), with a decrease of 33.4%. Recurring net sales were EUR 1.4 million (1.5), with a decrease of 3.4%
- The operating result was EUR -1.5 million (-0.5). The operating loss increased by 171.8%.
- The profit for the period was EUR -1.9 million (0.1).

#### Key events after the 2022 financial year

On January 9, 2023, the company announced that the beginning of change negotiations when moving to a global process organization. The change negotiations were completed on February 8, 2023, and the outcome of the negotiations enables the transition to a global process organization, which will serve Nexstim's customers better and more efficiently in the future, and generate long-term shareholder value growth for shareholders. Temporary layoffs were avoided.

On February 8, 2023, the company announced that it would apply to remove the parallel listing of its shares from the Nasdaq First North Growth Market Sweden marketplace. Nasdaq Stockholm AB accepted the application on February 9, 2023. The last day of trading on the Nasdaq FN GM Sweden marketplace is April 14, 2023.

#### Business overview

Nexstim is a Finnish medical technology company operating in international markets. Its proprietary navigated Transcranial Magnetic Stimulation (nTMS) technology allows for personalised 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.

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## Key performance indicators

(EUR thousand)	7–12/2022 6 months	7–12/2021 6 months	Change, %	1–12/2022 12 months	1–12/2021 12 months	Change, %
Net sales	2,733.7	3,438.9	-20.5 %	9,526.7	6,397.5	48.9 %
Gross margin	2,145.7	2,870.2	-25.2 %	8,285.9	5,262.0	57.5 %
Gross margin, %	78.5 %	83.5 %		87.0 %	82.3%	
Adjusted comparable gross margin*	2,145.7	2,038.2	5.3 %	4,751.1	4,430.0	7.2 %
Adjusted comparable gross margin, %	78.5 %	80.5%		79.3 %	80.7%	
Personnel expenses	- 2,333.4	2,319.6	0.6 %	-4,828.8	-4,347.8	11.1%
Other operating expenses	- 1,601.4	1,528.3	4.8 %	-3,389.0	-3,083.3	9.9%
Operating result	- 1,493.1	- 549.4	-171.8 %	840.3	-1,452.2	
Profit for the period	- 1,902.6	114.2		1,306.8	-832.1	
Earnings per share**	- 0.28	0.02		0.20	-0.14	
Diluted earnings per share (EUR)**	- 0.26	0.02		0.18	-0.13	
Cash flow from operating activities	- 1,411.9	- 190.3	-641.9%	1,002.2	-2,109.0	
Cash in hand and at bank	4,441.3	5,194.7	-14.5%	4,441.3	5,194.7	-14.5%
Total equity	4,068.9	3,202.7	27.0%	4,068.9	3,202.7	27.0%
Equity ratio (%)	45.4%	34.7%		45.4%	34.7%	

\* The gross margin for the period 2022 has been adjusted for the license fee (EUR 3.5 million) for the technology license agreement with Magnus Medical. The gross margin for the previous period 2021 has been adjusted for the margin (EUR 0.8 million) from the development of two prototype systems.

\*\* The number of shares in the table has been adjusted by the reduction of shares on May 17, 2021, where the number of shares was divided by 100.

## 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.

### Mikko Karvinen, CEO of Nexstim:

The year 2022 was record-breaking for Nexstim in terms of net sales, the operating profit and the profit for the period. Our total net sales in 2022 were EUR 9.5 (6.4) million, with an increase of 48.9%. Thanks to the strong growth, we recorded our first profitable financial year. Our operating profit was EUR 0.8 (-1.5) million, and our profit for the period was EUR 1.3 (-0.8) million.

The year was marked by rapid growth following the sale of a licence for technology related to our NBT<sup>®</sup> system to Magnus Medical, Inc. Under this agreement, a licence fee of around EUR 3.5 million was recognised during the first half of 2022. During the second half of 2022, our system sales decreased from 2021, mainly because of the delivery of prototype systems (around EUR 0.9 million) during the second half of 2021. Such deliveries of prototype systems were not made during 2022. I would like to thank Nexstim's customers, employees, partners and investors for helping us make a record-breaking year.

*Development of operating activities in the Diagnostics and Therapy Businesses*

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We have continued to grow our Diagnostics Business (NBS) and Therapy Business (NBT<sup>®</sup>) with new system sales in our key markets in the United States and Europe. The growth of our system base has led into steadily growing recurring net sales levels, which creates more stability and predictability for us. We want to develop and evolve.

The Diagnostics Business was a significant source of income for Nexstim during 2022, with EUR 3.4 (3.7) million in net sales. We delivered a total of 14 new NBS systems during 2022. In the Diagnostics Business, more than 210 NBS systems have been sold to research universities and leading hospitals across the world to date. We are happy to see that our customers are increasingly seeking to use the Nexstim system in both diagnostic and therapeutic applications. As an example of this progress, all of the 14 NBS systems delivered during 2022 had both diagnostics and therapy treatment applications. We see this combined system as a clear competitive advantage and look forward to expanding with this platform approach to other key markets globally.

The net sales of the Therapy Business increased by 126.8% during 2022, amounting to EUR 6.1 (2.7) million. The increase was due to the recognition of EUR 3.5 million in licence sales to Magnus Medical, Inc. During the financial year, we sold eight new NBT<sup>®</sup> systems – five to North America and three to Europe – for the treatment of severe depression. In the Therapy Business, at the end of 2022, there were a total of 62 Nexstim systems with therapy capabilities installed worldwide (21 in the United States and 41 in Europe and the rest of the world) for the treatment of depression and chronic neuropathic pain. This number includes both NBT<sup>®</sup> systems and NBS systems with an additional NBT software option installed.

Nexstim's cash and cash equivalents totalled EUR 4.4 million on 31/12/2022. The company's profitability continued to improve significantly during 2022, and its solvency has also improved accordingly. In addition to this favourable development, a licence fee of around EUR 3.5 million from Magnus Medical in February 2022 improved the company's solvency and cash adequacy. Through profitable growth, we are seeking to minimise any needs for new equity, and the company is not currently actively planning new financing rounds.

## *Our strategy focuses on growth and profitability*

In line with our strategy until 2024, Nexstim continues to enable personalised and effective therapies and diagnostics for challenging brain diseases and disorders. Our strategy relies on strong growth in diagnostics and therapy. Growth and profitability development in our Diagnostics and Therapy Business play a key role in our efforts to minimise future equity needs on our journey towards sustained profitability. To ensure this positive profitability development, we carried out change negotiations in the company during January and February 2023 as part of our adoption of a global process organisation, which will serve our customers better and more efficiently and generate long-term growth in shareholder value. Our selected therapeutic applications (MDD, severe depression and chronic pain) represent indications where our unique technology is already delivering recognisable clinical outcomes and customer profitability, but we are also continuing discussions concerning new strategic partnerships to further scale the use of our technology in health care.

In 2022, our most significant product development project was the development of a new generation of equipment. To be launched in 2023, NBS 6 is Nexstim's newest generation of equipment. It makes Nexstim's leading e-field-navigated TMS technology more user-friendly than ever before. This new generation of products includes a workflow-driven user interface and modular product configuration, which enables the features of the equipment to be tailored to the customer's needs, and additional features can be included in response to future research and healthcare needs.

As an indication of the successful start of a partnership, we announced in early 2022 that we had sold a licence to our technology related to the NBT<sup>®</sup> system to Magnus Medical, Inc.. The total value of the agreement is around EUR 17 million. We will continue our operations as normal and focus on implementing our strategy until the beginning of the five-year royalty period under the licence agreement. Magnus estimates that the royalty period will start during 2023. The licence agreement places Nexstim in a unique place to gain financial benefits, extend the use of our technology in patient care and allocate our resources to other business areas during the royalty period.

Our strategic priorities for 2022 also included the expansion of Nexstim's network of exclusive partner clinics, especially in the United States. This would mean installing more NBT<sup>®</sup> systems in neuroscience clinics, in line with our revised strategy, mainly in cooperation with our partners. Our new partnerships focus on strategic investments in service

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organisations, especially on the vast US market, but partnerships are also possible to make targeted investments in European and Asian markets.

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 May 2022, the parties signed an agreement that entitles Dr Kuluva to a 10% minority interest in the private equity company established by Nexstim in the United States. The purpose of the private equity company is to further expand the network of Nexstim's neuroscience centres 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 the United States and Europe, and we are working hard to be able to grow our network.

## *Creating future growth paths*

In October 2022, we reported the clinical outcomes of the first 403 patients who had completed treatment with Nexstim's NBT<sup>®</sup> system for major depressive disorder (MDD). Nexstim's NBT system is indicated for the treatment of MDD in adult patients who have failed to achieve satisfactory improvement from prior antidepressant medication in the current episode. The treatment outcomes of these 403 patients were excellent: around 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 2023.

The pilot study at Kuopio University Hospital continues. It examines the use of accelerated iTBS protocol in the treatment of severe depression with Nexstim's NBT<sup>®</sup> system. Accelerated iTBS means transcranial magnetic stimulation (TMS) therapy where stimulation is given several times per day for one week whereas in conventional TMS therapy, stimulation is given once a day during several weeks. In the continuation of the previously reported pilot study, the effectiveness of the accelerated iTBS protocol will be tested in an additional 20 patients. The treatment of patients in the continuation study was completed at the end of 2022, and the study has progressed to the follow-up phase. Nexstim is actively monitoring the situation, and the results will be announced as soon as possible after their completion.

Our system clearly differentiates from the TMS systems currently on the market that do not have navigation capabilities. In the future, the need for a navigation function is likely to be further emphasised in technology that could treat patients in hospital for severe, treatment-resistant depression (TRD) and possible suicidal ideation. This could potentially open a new TMS treatment market for Nexstim that is separate from the current treatment of patients with MDD. Getting more data on the patient treatment outcomes with the intensified accelerated treatment protocols is important for the strategic development path of our business.

## *Creating shareholder value in exceptional circumstances*

While investing in business growth, we actively monitor the global political situation, which has changed because of the war in Ukraine. We continue to unequivocally condemn Russia's military action in Ukraine and hope for a quick, peaceful resolution to the conflict. Despite the international tension, we continue to have positive outlook for 2023. 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 being optimistic about the future, we will continue to monitor the situation in Ukraine closely 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.

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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 tumour 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 more than 210 research universities and leading hospitals across the world.

### Therapy Business (NBT®)

- Nexstim's NBT® platform is based on its unique navigated Transcranial Magnetic Stimulation (nTMS) technology, which allows for personalised, 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 62 NBT® systems across four continents.

## Financial review 1 July to 31 December 2022 and 1 January to 31 December 2022

### Operating results

#### Net sales

	7–12/2022	7–12/2021	Change, %	1– 12/2022	1– 12/2021	Change, %
EUR thousand	12 months	12 months		12 months	12 months	
<b>Net sales</b>	<b>2,733.7</b>	<b>3,439.0</b>	<b>-20.5%</b>	<b>9,526.7</b>	<b>6,397.5</b>	<b>48.9%</b>
<i>Net sales adjusted for currency exchange rates</i>	<i>2,621.8</i>	<i>3,468.0</i>	<i>-24.4%</i>	<i>8,825.1</i>	<i>6,470.5</i>	<i>36.4%</i>
<i>Comparable net sales adjusted for non-recurring items*</i>	<i>2,733.7</i>	<i>2,531.0</i>	<i>8.0%</i>	<i>5,991.9</i>	<i>5,489.5</i>	<i>9.2%</i>
<i>Diagnostics</i>	<i>1,327.5</i>	<i>2,119.1</i>	<i>-37.4%</i>	<i>3,420.5</i>	<i>3,705.5</i>	<i>-7.7%</i>
System sales	690.5	1,478.3	-53.3%	2,246.4	2,800.5	-19.8%
Recurring net sales	637.0	640.8	-0.6%	1,174.1	905.0	29.7%
<i>Therapy</i>	<i>1,406.1</i>	<i>1,319.8</i>	<i>6.5%</i>	<i>6,106.2</i>	<i>2,692.0</i>	<i>126.8%</i>
System sales	619.2	486.8	27.2%	826.4	920.8	-10.3%
Recurring net sales	786.9	833.0	-5.5%	1,745.0	1,771.2	-1.5%
Licensing	0.0	0.0	0.0%	3,534.8	0.0	100.0%

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Total net sales consist of system sales in the Diagnostics and Therapy Businesses, recurring net sales and licensing. Net sales adjusted for non-recurring items have been calculated by adjusting total net sales for the net sales of two pieces of prototype systems developed, delivered and recognised in 2021 and net sales from licensing recognised in 2022.

## ***Significant items in the operating result***

Work performed for Nexstim's own purposes was EUR 543.8 thousand (513.6) between 1 July and 31 December 2022, and EUR 1,235.7 thousand (958.5) between 1 January and 31 December 2022. These amounts mainly consist of capitalised development costs. The development costs capitalised during the financial year are mainly related to the further development of the company's commercialised products.

Materials and services expenses totalled EUR -588.0 thousand (-568.7) between 1 July and 31 December 2022, and EUR -1,240.8 thousand (-1,135.5) between 1 January and 31 December 2022. The gross margin was 80.1% (83.5) between 1 July and 31 December 2022, and the adjusted comparable gross margin was 80.1% (80.5). The gross margin was 87.0% (82.3) between 1 January and 31 December 2022, and the adjusted comparable gross margin was 79.3% (80.7).

Personnel expenses were EUR -2,333.4 thousand (-2,319.6) between 1 July and 31 December 2022, and EUR -4,828.8 thousand (-4,347.8) between 1 January and 31 December 2022, with an increase of 11.1%. The increase was mainly due to changes in personnel, salaries and the allocation of fees and other personnel expenses.

Other operating expenses were EUR -1,601.4 thousand (-1,528.3) between 1 July and 31 December 2022, and EUR -2,429.3 thousand (-3,083.3) between 1 January and 31 December 2022, with an increase of 9.9%. The increase was mainly due to increased sales and marketing activities and external services related to product development and licensing operations.

## ***Operating result***

The operating result was EUR -1,493.1 thousand (-549.4) between 1 July and 31 December 2021, with the loss increasing by 171.8%. The operating result was EUR 840.3 thousand (-1,452.2) between 1 January and 31 December 2021.

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

Net financial income and expenses amounted to EUR -409.3 thousand (664.7) between 1 July and 31 December 2021, and to EUR 471.1 thousand (718.9) between 1 January and 31 December 2021. Net financial income and expenses mainly consisted of exchange rate gains and losses related to loans to subsidiaries and interest payments on product development loans. Exchange rate differences arise because the operating currency of Nexstim Inc., a subsidiary of the Group, is the US dollar, and because Nexstim Plc, the parent company, has provided funding to Nexstim Inc. by means of a dollar-denominated loan.

## ***Profit for the period***

The profit for the period was EUR -1,902.6 thousand (114.2) between 1 July and 31 December 2022, and EUR 1,306.8 thousand (-832.1) between 1 January and 31 December 2022. This was the company's first profitable financial year.

## **Financial position**

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

The company's non-current assets were EUR 2,971.4 thousand (2,011.9). Intangible assets amounted to EUR 2,112.5 thousand, consisting mainly of capitalised development costs and intellectual property rights. Tangible assets amounted to EUR 376.9 thousand, and consisted mainly of NBT<sup>®</sup> systems used for business operations. Investments totalled EUR 482.0 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 7,243.3 thousand (8,027.8). The change in current assets was mainly due to a decrease in stock, cash assets and trade receivables.

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## **Total equity**

Consolidated shareholders' equity totalled EUR 4,068.9 thousand (3,202.7). The equity ratio increased significantly, to 45.4% (34.7%), following the profitable result and the ensuing increase in equity.

## **Liabilities**

### *Non-current liabilities*

The company's non-current liabilities totalled EUR 2,611.4 thousand (3,274.2). Its non-current liabilities consist of interest-bearing long-term product development loans from Business Finland.

### *Current liabilities*

The company's current liabilities totalled EUR 3,534.4 thousand (3,562.7). 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, totalled EUR 4,422.5 thousand (5,194.7). A licence fee of around EUR 3.5 million from Magnus Medical in February 2022 improved the company's solvency and cash adequacy. The company is not currently planning any new financing rounds.

The company's net cash flow from operating activities during the review period was EUR 1,002.2 thousand (-2,109.0).

Cash flow from investing activities in the review period was EUR -1,440.3 thousand (-1,608.5). The increase mainly consisted of capitalised development costs.

The cash flow from financing activities in the review period was EUR -361.6 thousand (5,456.3) and mainly consisted of the repayment of long-term product development loans.

## **Organisation 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 compliance with this strategy, Nexstim has outsourced most of its operations such as production.

The company is organised 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.

At the end of the review period on 31/12/2022, the Nexstim Group had 39 permanent employees. Nexstim Plc (the parent company) had 28 permanent employees on 31 December 2021. Between 1 July and 31 December 2022, the Nexstim Group had an average of 39 permanent employees (2021: 35).

## **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

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- 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 objectives for 2023*

- Profitable comparable net sales growth, leading to a positive EBITDA (operating result before depreciation) for the financial period, 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>

## **Major events during the financial year**

### **Resolutions of the Annual General Meeting**

On March 1, 2022, the company invited its shareholders to an Annual General Meeting to be held on March 31, 2022. The company's Board of Directors decided on an exceptional general meeting procedure based on a temporary law approved by the Finnish Parliament. Shareholders and their proxies were able to participate in the meeting and exercise their rights only by voting in advance and presenting counterproposals and questions in advance in accordance with the invitation and other company guidelines.

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

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

- The AGM adopted the company's financial statements, including its consolidated financial statements, for 2021, and decided that no dividend be paid, and that the loss for the financial year (January 1 to December 31, 2021) be recorded in the loss account. The AGM decided to discharge the members of the Board of Directors and the CEO from liability for the 2021 financial year (January 1 to December 31, 2021).
- The following decisions were made concerning the Board of Directors' fees: for the period ending at the close of the 2023 Annual General Meeting, EUR 36,000 will be paid to the Chair of the Board, and EUR 25,200 to the members of the Board. The members of the Shareholders' Nomination Board will not be compensated for serving as members of the Nomination Board. The restricted share plan introduced in 2016 will be extended by one year for a sixth vesting period (2022–2023) for the members elected to the Board of Directors of Nexstim Plc on conditions that are presented at [www.nexstim.com](http://www.nexstim.com).
- In terms of share rewards, the AGM decided, in accordance with the Nomination Board's proposal, that EUR 24,000 will be paid to the Chair of the Board of Directors and EUR 16,800 to each member of the Board of Directors for the 2022–2023 vesting period. The granted reward will be converted into restricted share units at the beginning of the vesting period in 2022. It is strongly recommended that the participants hold shares paid as reward as long as their mandate as a member of the Board continues.
- The AGM decided that the Board of Directors consists of four members. Martin Forss, Leena Niemistö, Tero Weckroth,

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and Timo Hildén continued as members of the Board. Leena Niemistö was elected as Chair of the Board.

- PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as the auditor, with Enel Sintonen as the principal auditor. A reasonable fee will be paid to the auditor.
- The AGM decided to extend the Board's authorization granted at the 2021 Annual General Meeting. The authorization concerns decisions on share issues and special rights entitling their holders to shares for a maximum of 1,300,000 shares, corresponding to the number of authorizations remaining under the authorization granted at the 2021 Annual General Meeting. The authorizations are valid until the next Annual General Meeting, starting from the decision made by the 2022 Annual General Meeting.

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

## Licensing and investments

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

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

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

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

## Changes in the company's management

On September 28, 2022, the company announced a change in the composition of the Shareholders' Nomination Committee. Tero Weckroth representing Wetrock Capital & Consulting Oy has been appointed as a new member of the Nomination Committee. Tero Weckroth is also a member of Nexstim's Board of Directors. Leena Niemistö, Chairperson of the Board of Nexstim and representative of its largest shareholder, continues to chair the Nomination Committee, and Ossi Haapaniemi and Kyösti Kakkonen continue as members of the Committee. The new Nomination Committee will start its work during October.

On December 17, 2022, the company announced changes in the management team. The company announced Steve Beller has decided to leave his position as the Vice President and General Manager, North America. Nexstim's Board of Directors has appointed Henri Hannula as Vice President, Sales and Marketing responsible for these functions globally.

## Employee stock options and other reward plans

On October 17, 2022, the company announced that between 1 July and 30 September 2022, a total of 21,264 Nexstim Plc's new shares has been subscribed for with the company's stock options 2020A. For subscriptions made with the stock options 2020A, the entire subscription price of EUR 42,528.00 will be entered in the reserve for invested unrestricted equity. The Company's share capital is EUR 80,000.00 after the subscription. After the trade registration the total amount

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of shares is 6,715,019. The new shares represent approximately 0.32 per cent of all the shares in the Company after the registration. The shares subscribed for under the stock options 2020A have been registered in the Trade Register on 17 October 2022, as of which date the new shares will establish shareholder rights. The shares will be traded in the Nasdaq Helsinki Plc's First North Growth Market Finland marketplace as company's old shares as of 18 October 2022.

The company announced about transactions carried out during the financial year by the management as follows: Leena Niemistö marked 1,867 shares, Martin Forss 8,316 shares, Tero Weckroth 15,412 shares, Timo Hildén 1,512 shares and Mikko Karvinen 8,850 shares. Further information about management transactions can be found on our website: [www.nexstim.com/investors/regulatory-news](http://www.nexstim.com/investors/regulatory-news)

## Major events after the financial year

On January 9, 2023, the company announced that it would begin change negotiations for the entire Finnish staff and all personnel groups as part of the Nexstim Group's global adjustment program, which aims to achieve annual savings of up to 0.6 million euros from its global operations for the fiscal year 2023. The change negotiations were concluded on February 8, 2023, and the outcome of the negotiations enables the transition to a global process organization, which will serve Nexstim's customers even better and more efficiently in the future, and will generate long-term shareholder value growth for shareholders. Layoffs were avoided. The company considers that with the savings measures it will achieve savings of around 0.6 million euros for the fiscal year 2023. The implementation of the savings program started immediately.

On February 8, 2023, the company announced that it would apply to remove the parallel listing of its shares from the Nasdaq First North Growth Market Sweden marketplace. Nasdaq Stockholm AB accepted the application on February 9, 2023 and decided to stop trading Nexstim shares on the Nasdaq FN GM Sweden marketplace. The last day of trading on the Nasdaq FN GM Sweden marketplace is April 14, 2023

## 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. Comprehensive information about the company's risks is published in the financial statements and the Board of Directors' report. The half-year reports only present the changes in short-term risks.

The prolonged pandemic has affected the availability and price of some components globally. The company is actively monitoring the pandemic situation and official regulations in its countries of operation. The company is seeking to anticipate the impacts of any new restrictions and to ensure favourable conditions for uninterrupted business operations. We are also actively monitoring the global situation, which has changed following the war in Ukraine, and its possible ripple effects on the general cost level through higher energy prices, for example.

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

## Shares and shareholders

On 31 December 2022, the fully paid-up share capital of Nexstim Plc amounted to EUR 80,000.00, consisting of 6,715,019 shares (2021: 6,686,673). Adjusted for the dilution effect, the total number of shares at the end of the reporting period was 7,278,096 (2021: 7,271,594). The shares have no nominal value. Nexstim has one series of shares (ISIN code: FI4000506811). Nexstim did not hold any treasury shares at the end of the financial year. Each share entitles its holder to one vote at the General Meetings of Nexstim Plc. The shares are issued under the laws of Finland. The numbers of shares in the comparison period have been adjusted for the share reduction implemented on 17 May 2021, in which the number of shares was divided by 100.

The average number of shares between 1 January and 31 December 2022 was 6,696,126 (2021: 6,068,462). Adjusted for the dilution effect, the average number of shares between 1 January and 31 December 2022 was 7,276,406 (2021: 6,603,426). The numbers of shares in the comparison period have been adjusted for the share reduction implemented on 17 May 2021, in which the number of shares was divided by 100.

Nexstim Plc's shares are listed on the Nasdaq First North Growth Market Finland and Sweden. Share price information from the Nasdaq First North Growth Market Finland (EUR) and the Nasdaq First North Growth Market Sweden (SEK) is presented below. The numbers and prices of shares in the comparison period have been adjusted for the share reduction implemented on 17 May 2021, in which the number of shares was divided by 100.

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Between 1 January and 31 December 2022, the highest price of the company's share was EUR 5.90 (2021: EUR 9.63) and SEK 64.40 (2021: SEK 97.90), the lowest price was EUR 3.62 (2021: EUR 3.41) and SEK 38.00 (2021: SEK 32.80), and the average price was EUR 4.62 (2021: EUR 5.84) and SEK 48.45 (2021: SEK 64.84). The closing price on 31/12/2022 was EUR 4.11 (2021: EUR 4.78) and SEK 46.00 (2021: SEK 48.40).

In public trading between 1 January and 31 December 2022, a total of 2,552,154 shares were traded, which corresponds to 38% of the average number of shares during the period.

The market value of the share capital at the closing price on 31/12/2022 (EUR 4.11 and SEK 46.00) was EUR 27,599 thousand (2021: 31,962) and SEK 308,891 thousand (2021: 323,635).

Nexstim Plc's stock option rights amounted to a total of 563,077 shares on 31 December 2022, with a share-specific subscription price of EUR 1.00 to EUR 23.00. More information about the shares and option rights is available on the company's website at [www.nexstim.com/investors/share-information/](http://www.nexstim.com/investors/share-information/).

## Board of Directors' authorisations

On 31 December 2022, the Board of Directors' authorisations totalled 1,301,861 shares.

Granted by	Scope of the authorisation	Remaining authorisation	Validity
2021 Annual General Meeting	1,300,000	1,300,000	18 months (extended until 31 March 2023*)
2021 Annual General Meeting	55,000	1,861	5 years

\* The 2022 Annual General Meeting decided to extend the existing authorisation concerning 1,300,000 shares until the next Annual General Meeting.

More information about the Board of Directors' authorisations and the resolutions of General Meetings is available on the company's website at <https://www.nexstim.com/investors/share-information>

## Major shareholders

According to the register of shareholders maintained by Euroclear Finland Ltd, the holdings of Nexstim Plc's 20 largest shareholders on 31/12/2022 were as follows:

	Shareholder	Number of shares	Holding, %
1.	Kaikarhenni Oy	1,022,416	15.23
2.	Euroclear Bank Sa/Nv*	877,505	13.07
3.	Haapaniemi Ossi	589,222	8.77
4.	Joensuun Kauppa ja Kone Oy	416,586	6.20
5.	Syrjänen Eva Annika Elisabeth	126,479	1.88
6.	Wetrock Capital & Consulting Oy	115,000	1.71
7.	Kalksten Properties Koy	114,124	1.70
8.	K22 Finance Oy	109,287	1.63
9.	Valjakka Juha Matti	96,925	1.44
10.	Kakkonen Kari Heikki Ilmari	69,649	1.04
11.	Niukkanen Pentti Juhani	65,000	0.97
12.	Schengen Investment oy	58,169	0.87

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13.	Salmela Veijo Ensio	42,500	0.63
14.	Jokinen Jukka	40,000	0.60
15.	Filen Harri Johannes	38,551	0.57
16.	Kaukoranta Eero Onni	36,232	0.54
17.	Matril Oy	35,783	0.53
18.	Skandinaviska Enskilda Banken AB*	33,225	0.49
19.	Pettersson Jan Åke	30,300	0.45
20.	Pyykönen Riku Tapani	29,400	0.44

\*Nominee registered shareholders

## Publication of financial information

The annual report for the financial year that ended on 31 December 2022 will be published on 6 March (estimate). Contrary to what has been previously announced, the company's half-yearly report January-June 2023 (H1) will be published on Friday August 18, 2023.

## Results briefing on 27 February 2023

The company will hold two webinars for the media, analysts and investors on Monday 27 February 2023. Mikko Karvinen, CEO, and Joonas Juokslahti, CFO, will present the company's financial and operational results, and will answer questions.

The first live webinar will be in Finnish, starting at 10.30 am EET. The second webinar will be held in English at 3 pm (EET).

## Webinar details:

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

Webinar in Finnish on Monday February 27, 2023 at 10:30 am (EET): [Sign up here >>](#)

Webinar in English on Monday February 27, 2023 at 3:00 pm (EET): [Sign up here >>](#)

## Accounting principles

Nexstim Plc's financial statements have been prepared in accordance with the Finnish Accounting Standards, and are presented in accordance with the rules of the First North marketplace. The figures presented in the financial statements bulleting are audited. The figures presented have been subject to rounding adjustments.

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## CONSOLIDATED INCOME STATEMENT

Thousand euro	1 July to 31 December 2022	1 July to 31 December 2021	1 January to 31 December 2022	1 January to 31 December 2021
<b>NET SALES</b>	2,733.7	3,438.9	9,526.7	6,397.5
Work performed for own purpose and capitalised	543.8	513.6	1,235.7	958.5
Other operating income	30.5	185.5	34.0	201.9
Materials and services				
Materials				
Purchases during the financial year	-492.4	-958.2	-1,143.9	-1,674.1
Increase (+) or decrease (-) in inventories	-90.4	389.5	-91.7	538.5
External services	-5.2	0.0	-5.2	0.0
Total	-588.0	-568.7	-1,240.8	-1,135.5
Personnel expenses				
Wages and salaries	-1,903.9	-1,955.0	-3,958.7	-3,662.6
Social security expenses				
Pension expenses	-214.7	-232.1	-455.0	-407.9
Other social security expenses	-214.9	-132.5	-415.1	-277.2
Total	-2,333.4	-2,319.6	-4,828.8	-4,347.8
Depreciation and amortisation				
Depreciation and amortisation according to plan	-278.1	-270.7	-497.5	-443.5
Total	-278.1	-270.7	-497.5	-443.5
Other operating expenses	-1,601.4	-1,528.3	-3,389.0	-3,083.3
<b>OPERATING PROFIT (LOSS)</b>	-1,493.1	-549.4	840.3	-1,452.2
Financial income and expenses	-409.3	664.7	471.1	718.9
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	-1,902.4	115.2	1,311.4	-733.3
Income taxes	-0.2	-1.0	-4.5	-98.9
<b>PROFIT/LOSS FOR THE PERIOD</b>	-1,902.6	114.2	1,306.8	-832.1

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## CONSOLIDATED BALANCE SHEET

EUR thousand	31/12/2022	31/12/2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
Development expenditure	1,832.3	845.6
Intangible rights	280.2	276.7
<b>Total</b>	<b>2,112.5</b>	<b>1,122.3</b>
<b>Tangible assets</b>		
Machinery and equipment	376.9	434.9
<b>Total</b>	<b>376.9</b>	<b>434.9</b>
<b>Investments</b>		
Interests in associated companies	463.3	454.7
<b>Total</b>	<b>463.3</b>	<b>454.7</b>
<b>NON-CURRENT ASSETS TOTAL</b>	<b>2,952.7</b>	<b>2,011.9</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	893.2	985.0
<b>Total</b>	<b>893.2</b>	<b>985.0</b>
<b>Receivables</b>		
<b>Non-current receivables</b>		
Trade receivables	217.3	0.0
<b>Total non-current receivables</b>	<b>217.3</b>	<b>0.0</b>
<b>Current receivables</b>		
Trade receivables	1,163.3	1,441.9
Prepayments and accrued income	363.8	200.1
Other receivables	183.1	206.2
<b>Total current receivables</b>	<b>1,710.3</b>	<b>1,848.2</b>
<b>Total receivables</b>	<b>1,927.6</b>	<b>1,848.2</b>
Cash in hand and at bank	4,441.3	5,194.7
<b>CURRENT ASSETS TOTAL</b>	<b>7,262.0</b>	<b>8,027.8</b>
<b>ASSETS TOTAL</b>	<b>10,214.7</b>	<b>10,039.7</b>

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EUR thousand	31/12/2022	31/12/2021
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80.0	80.0
Reserve for invested unrestricted equity	54,960.3	54,917.8
Retained earnings	-52,278.2	-50,962.9
Profit/loss for the period	1,306.8	-832.1
<b>TOTAL EQUITY</b>	<b>4,068.9</b>	<b>3,202.7</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Loans from financial institutions	2,611.4	3,259.7
Other liabilities	0.0	14.5
<b>Total</b>	<b>2,611.4</b>	<b>3,274.2</b>
<b>CURRENT LIABILITIES</b>		
Loans from financial institutions	878.1	619.4
Received prepayments	1,248.1	0.0
Trade payables	316.4	255.0
Other liabilities	194.9	1,870.8
Accrued expenses	897.0	817.5
<b>Total</b>	<b>3,534.4</b>	<b>3,562.7</b>
<b>TOTAL LIABILITIES</b>	<b>6,145.8</b>	<b>6,837.0</b>
<b>EQUITY AND LIABILITIES TOTAL</b>	<b>10,214.7</b>	<b>10,039.7</b>

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## CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

EUR thousand	<b>2022</b>		<b>2021</b>	
Share capital 1 January		80.0		80.0
Share capital 31 December		80.0		80.0
<b>Total restricted equity</b>		<b>80.0</b>		<b>80.0</b>
Reserve for invested unrestricted equity 1 January		54,917.8		48,310.7
Increase		42.5		6,607.0
Decrease		-		-
Reserve for invested unrestricted equity 31 December		54,960.3		54,917.8
Retained earnings/losses 1 January	-	50,962.9	-	45,738.3
Profit/loss for the previous period	-	832.1	-	4,121.6
Translation difference	-	483.2	-	1,103.1
Retained earnings/losses 31 December	-	52,278.2	-	50,962.9
Profit/loss for the period		1,306.8	-	832.1
<b>Total unrestricted equity</b>		<b>3,988.9</b>		<b>2,277.1</b>
<b>Total equity</b>		<b>4,068.9</b>		<b>3,202.7</b>

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## CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	1 July to 31 December 2022		1 July to 31 December 2021		1 January to 31 December 2022		1 January to 31 December 2021	
<b>Cash flow from operating activities</b>								
Profit/loss for the period	-	1,902.4		114.2		1,311.4	-	832.1
Adjustments:								
Depreciation and amortisation according to plan		278.1		270.7		497.5		443.5
Other income and expenses not related to payment		30.7		-		30.7		-
Financial income and expenses		24.7	-	558.8		44.5	-	902.8
Share of the profit of associates		19.8		-		19.8		-
Other adjustments		370.5	-	997.9	-	575.4	-	1,106.4
<b>Cash flow before change in working capital</b>	-	1,178.5	-	1,171.7		1,328.4	-	2,397.8
<b>Change in working capital:</b>								
Increase (-) or decrease (+) in current receivables	-	578.8		1,138.1	-	24.8		817.9
Increase (-) or decrease (+) in inventories		84.7	-	389.5		116.0	-	538.5
Increase (-) or decrease (+) in long-term receivables		-		10.7		-		22.5
Increase (+) or decrease (-) in current interest-free payables		285.7		435.0	-	353.3		287.2
<b>Cash flow from operating activities before financial items and taxes</b>	-	1,387.0		22.6		1,066.3	-	1,808.7
Interest and other financial expenses paid	-	35.0	-	212.9	-	70.0	-	300.3
Interest received on operating activities		10.3		-		10.4		-
Direct taxes paid		-0.2		-	-	4.5		-
<b>Cash flow from operating activities (A)</b>	-	1,411.9	-	190.3		1,002.2	-	2,109.0
<b>Cash flow from investing activities</b>								
Investments in intangible and tangible assets	-	691.6	-	1,082.0	-	1,440.3	-	1,608.5
<b>Cash flow from investing activities (B)</b>	-	691.6	-	1,082.0	-	1,440.3	-	1,608.5
<b>Cash flow from financing activities</b>								
Share issue		42.5		289.7		42.5		6,607.0
Drawing (+) or repayment of short-term loans (-)		660.9		111.7		258.7	-	533.1
Drawing (+) or repayment of long-term loans (-)	-	716.7	-	625.3	-	662.8	-	617.6
<b>Cash flow from financing activities (C)</b>	-	13.2	-	223.9	-	361.6		5,456.3
<b>Change in cash in hand and at banks</b>	-	2,116.7	-	1,496.2	-	799.7		1,738.8
<b>Cash in hand and at bank in the beginning of the period</b>	-	6,511.6		6,690.8		5,194.7		3,455.8
<b>Impact of exchange rate changes</b>	-	46.3		-		46.3		-

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<b>Cash in hand and at bank at end of the period</b>	-	4.441,3	5,194.7	4,441.3	5,194.7
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## 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.

## CONTINGENT LIABILITIES

EUR in thousands	2022	2021
<b>Rental guarantees</b>		
Rental deposit account	16.3	41.8
<b>Leasing liabilities</b>		
Due within the next financial year	72.1	66.2
Due later	29.5	-
<b>Leasing liabilities</b>		
Due within the next financial year	2.7	-
Due later	3.5	-

Helsinki 27/02/2023

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.**

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## 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

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NBS system is the only FDA cleared and CE marked navigated TMS system for pre-surgical mapping of the speech and motor cortices of the brain.

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

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

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